

INGENIOUS ENTERTAINMENT VCT 1 PLC

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31 December 2012

COMPANY NUMBER: 6395011

THURSDAY



L261DXZV

LD3

11/04/2013

#116

COMPANIES HOUSE

CONTENTS

CORPORATE INFORMATION	1
CHAIRMAN'S STATEMENT	2
MANAGER'S REVIEW	4
BOARD OF DIRECTORS	8
DIRECTORS' REPORT	9
BUSINESS REVIEW	13
DIRECTORS' REMUNERATION REPORT	16
CORPORATE GOVERNANCE REPORT	19
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INGENIOUS ENTERTAINMENT VCT 1 PLC	23
INCOME STATEMENT	25
RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	25
BALANCE SHEET	31
CASH FLOW STATEMENT	36
NOTES TO THE FINANCIAL STATEMENTS	39
SHAREHOLDER INFORMATION	53
NOTICE OF ANNUAL GENERAL MEETING	54
ADDITIONAL INFORMATION RELATING TO THE AGM	60
PROXY FORM	61
DEFINITIONS	62

INGENIOUS ENTERTAINMENT VCT 1

CORPORATE INFORMATION

The Company	Ingenious Entertainment VCT 1 plc
Directors	David Munns* (Chairman) Keith Turner* Patrick McKenna
Company Secretary	Sarah Cruickshank
Registered Office	15 Golden Square London W1F 9JG
Company Number	6395011
Manager	Ingenious Ventures** 15 Golden Square London W1F 9JG
Auditor	Grant Thornton UK LLP Grant Thornton House Melton Street Euston Square London NW1 2EP
Taxation Advisers	PricewaterhouseCoopers LLP (PwC) 1 Embankment Place London WC2N 6RH
Registrar	SLC Registrars Thames House Portsmouth Road Esher Surrey KT10 9AD Tel 01372 467 308
Sponsor	Howard Kennedy Corporate Services LLP 19 Cavendish Square London W1A 2AW

* Independent director (a director who is independent of the Manager)

** Ingenious Ventures was a trading division of Ingenious Asset Management Limited until 5 April 2012 after which it became a trading division of Ingenious Capital Management Limited

CHAIRMAN'S STATEMENT

I am delighted to present the Company's fifth Annual Report and Accounts covering the year to 31 December 2012 (the **Reporting Period**)

Overview of Activities

The Company has now completed its investment strategy and is fully invested under the VCT regulations for its Ordinary, C and D Share classes

The Company continued to actively source and review investment opportunities during this Reporting Period for the D, E, F and G Share classes. In total the Company made three investments during the Reporting Period. Details of all investments can be found in the Manager's Review on pages 4 to 7

The highlight of the year was the continued growth of the *Rewind Festival* brand. With 2012 seeing two UK and four international events being held, the brand's overall profits increased to over £1 million for the first time. On 22 March 2013, the Company sold its stake in both of its *Rewind* investments to its co-promotion partner, The Rival Organisation. The sale saw the Company's Ordinary Shares generate a total return of £1,007k against an original investment cost of £664k. The C Shares generated a total return of £128k against an original investment cost of £109k and the G shares generated a total return of £290k against an original investment cost of £273k. The G Shares acquired its stake in July 2012 as a Non-qualifying Investment.

One of the other strong performances seen in the investment portfolio was by *Shakedown Festival*. Launched in 2011, the second year event saw attendances more than double and the event moved into profitability. The promoters have also been given permission to stage a second day on the Brighton site this year and the Company agreed in early 2013 to make a further investment into this second day as both events should benefit from a significantly reduced cost base.

The Company is also co-promoting a number of new festival initiatives in 2013 with its new *Love Supreme Jazz Festival* having been well received. The Company is also currently negotiating investments in other areas where the Directors believe there to be the opportunity to create unique niche branded content such as the *World of Comedy*.

Fund Raising

The G Share Offer was open for subscription until 31 August 2012. During the Reporting Period, just over 3.5 million Shares were allotted by the Company under this Offer.

In December 2012, the Company launched the H Share Offer for subscription. On 5 April 2013, the Company allotted 1,735,921 H Shares in respect of this Offer. The Ingenious Entertainment VCTs have now raised in excess of £58.7 million through their seven Share classes. The H Share Offer will remain open for subscription until 30 August 2013.

Results

The Ordinary Shares, C Shares, D Shares, E Shares, F Shares and G Shares are accounted for as separate pools of funds necessitating separate reporting. This will also be the case for the H Shares.

The Directors and the Manager believe that the commercial investment portfolio remains robust and that the Company's strategy of generating venture capital style returns blended with strong levels of downside protection should generate good longer term returns as the investment portfolio matures. The Directors and the Manager have taken a prudent approach in the valuation of investments with the view that it takes at least two to three years to build brand awareness in the live entertainment sector. They remain positive about the future performance and the long term outlook of the Company.

The Ordinary Shares made a loss on ordinary activities of £139k (31 December 2011: loss of £144k). The C Shares made a loss of £73k (31 December 2011: loss of £84k). The D Shares made a loss of £169k (31 December 2011: loss of £128k). The E Shares made a loss of £56k (31 December 2011: loss of £72k). The F Shares made a loss of £16k (31 December 2011: loss of £37k). The G Shares made a loss of £81k (31 December 2011: no G Shares allotted).

The net asset value per Ordinary Share at 31 December 2012 was 74.8 pence (31 December 2011: 81.2 pence) although this is after the deduction of the dividend of 5.0 pence per Share in the Reporting Period and the deduction of a total of 10.0 pence per Share of dividends in previous years. The net asset value as at 31 December 2012 including distributions was therefore 89.8 pence per Ordinary Share (31 December 2011: 91.2 pence).

INGENIOUS ENTERTAINMENT VCT 1

CHAIRMAN'S STATEMENT (CONTINUED)

Results (continued)

The net asset value per C Share at 31 December 2012 was 68.8 pence (31 December 2011: 76.4 pence) although this is after the deduction of the dividend of 5.0 pence per Share in the Reporting Period and the deduction of a total of 10.0 pence per Share of dividends in previous years. The net asset value as at 31 December 2012 including distributions was therefore 83.8 pence per C Share (31 December 2011: 86.4 pence).

The net asset value per D Share at 31 December 2012 was 78.5 pence (31 December 2011: 86.0 pence) although this is after the deduction of the dividend of 5.0 pence per Share in the Reporting Period and the deduction of a 5.0 pence per Share dividend in the previous year. The net asset value as at 31 December 2012 including distributions was therefore 88.5 pence per D Share (31 December 2011: 91.0 pence).

The net asset value per E Share at 31 December 2012 was 86.1 pence (31 December 2011: 93.1 pence) although this is after the deduction of the dividend of 5.0 pence per Share in the Reporting Period (31 December 2011: Nil pence). The net asset value as at 31 December 2012 including this distribution was therefore 91.1 pence per E Share (31 December 2011: 93.1 pence).

The net asset value per F Share at 31 December 2012 was 87.2 pence (31 December 2011: 93.3 pence) although this is after the deduction of the dividend of 5.0 pence per Share in the Reporting Period (31 December 2011: Nil pence). The net asset value as at 31 December 2012 including this distribution was therefore 92.2 pence per F Share (31 December 2011: 93.3 pence).

The net asset value per G Share at 31 December 2012 was 93.3 pence (31 December 2011: no G Shares allotted). No dividends have been paid to date.

Outlook

Clearly the economic environment remains as challenging as it has been over the last few years, but I am delighted to report that the live sector continues to be robust in spite of the pressures that remain in terms of discretionary spend.

Both the Board and the Manager feel that the sector in which the Company operates retains the potential for strong growth and that the current investment portfolio shows positive signs of delivering good upside across a number of its current investments.



David Munns
Chairman
9 April 2013

MANAGER'S REVIEW

Investment Objective

The Company's main objective is to invest in companies established to create and bring to market live events and premium entertainment content which will provide Shareholders with an attractive return. This strategy will aim to maximise the opportunities for making tax-free dividends to Shareholders from both the actual income received and capital profits on the sale of investments in Investee Companies or their assets.

Festivals

Rewind Festival & Rewind North (rebranded from *80s Rewind Festival & 80s Rewind North*)

Entertainment VCT 1 Investment amount (*Rewind Festival*) £546,047

(£1,092,094 across the Ingenious Entertainment VCTs)

Entertainment VCT 1 Investment amount (*Rewind North*) £500,000

(£1,000,000 across the Ingenious Entertainment VCTs)

In December 2008, the Entertainment VCTs, alongside The Rival Organisation, co-promoted the *Rewind Festival*, a two-day music festival in Henley-on-Thames. A follow on investment was made in October 2010 to co-promote *Rewind North* to be held in Perth, Scotland.

The 2012 Henley festival was held in August and was, for the second year in a row, a complete sell out (20,000 per day capacity). Highlights included *OMD* and *Kool and the Gang*. 2012 also saw ticket sales increase by over 40% for *Rewind North* with headline performances from *Adam Ant* and *Holly Johnson*. The success of both events very much cemented *Rewind's* position in the UK as the foremost 80s music festival series.

In January 2013 the Directors agreed, in principle, to sell the Company's investments in the *Rewind Festival* and *Rewind North* to the event co-promoter (the Rival Organisation), contingent upon the co-promoter selling the whole of the *Rewind* brand to a third party (Impresario Festivals plc). Both transactions were based upon the same overall valuation of *Rewind* and the deal completed on 22 March 2013.

London Electronic Dance (LED) Festival

Entertainment VCT 1 Investment amount £500,000

(£1,000,000 across the Ingenious Entertainment VCTs)

In August 2010 the Ingenious Entertainment VCTs agreed to co-promote the *LED Festival* in partnership with AEG Live, Cream and Loudsound.

After 2011's profitable performance (with over 23,000 tickets sold), which virtually recovered any losses incurred during the first *LED Festival*, the decision was taken by all of the event co-promoters to not hold *LED* in 2012. Festivals in London faced increased competition from free music events as well as uncertainty over the impact on ticket sales created by the Olympics. The Directors are currently discussing future prospects for *LED* in light of recent announcements concerning live event activities taking place in London during 2013, specifically Hyde Park and the Olympic Park.

Shakedown Festival

Entertainment VCT 1 Investment amount £1,250,000

(£2,500,000 across the Ingenious Entertainment VCTs)

In February 2011 the Ingenious Entertainment VCTs invested £1,500,000 in Venn Music Ltd to stage and promote new music festivals. These innovative festivals are managed by Venn director Matt Priest, who worked as an executive at Radio One for 10 years and has many years' experience in the live entertainment industry.

Shakedown Festival was first held at Stanmer Park in Brighton in September 2011 to positive public and press reception and returned in 2012 with an expanded capacity and larger line-up of artists. With performances from *Dizzee Rascal*, *Chase and Status* and *Professor Green*, over 18,000 tickets were sold. This was an increase of over 100% on the previous year's sales.

The Manager is confident that the 2013 event will see further growth, both in terms of ticket sales and profitability. In December 2012, the VCTs made a follow on investment of £1 million into Venn Music Ltd to promote a second day at the venue. This second day, which will look to cater for a very different, more family orientated audience, is expected to help defray the costs of *Shakedown* and significantly improve the potential profitability of both events.

INGENIOUS ENTERTAINMENT VCT 1

MANAGER'S REVIEW (CONTINUED)

Festivals (continued)

Love Supreme Jazz Festival

Entertainment VCT 1 Investment amount £1,000,000

(£2,000,000 across the Ingenious Entertainment VCTs)

In December 2011, the Entertainment VCTs teamed up with Jazz FM and Neapolitan Music to co-promote what will be the UK's only camping Jazz festival, the *Love Supreme Jazz Festival*. The event is planned for July 2013 and the Manager is encouraged by the level of 'early bird' sales to date.

A strong talent bill has been assembled for the first year of the festival with headline performances from *Bryan Ferry*, *Jools Holland*, *Chic* featuring *Nile Rogers*, *Esperanza Spalding* and *Robert Glasper Experiment* to be accompanied by an array of talent representing Jazz in all its glories.

Liverpool Sound City Limited

Entertainment VCT 1 Investment amount £600,000

(£1,200,000 across the Ingenious Entertainment VCTs)

In March 2012, the Entertainment VCTs made an investment into *Liverpool Sound City Limited*. This company has been producing and promoting the *Sound City* concept which combines the best elements of a music festival, conference and expo across an entire city centre.

In 2012 the event saw record numbers of tickets sold as well as the staging of the inaugural *New York Sound City*. With international expansion expected to be one of the core drivers behind the growth of this brand, the Manager is confident that 2013 will see further improvements in revenue for the brand as *Sound City* returns to New York in March 2013 and has also added Athens, Georgia (USA) to the roster later in the year. Ticket sales for the Liverpool event are already significantly ahead of 2012 levels and the *Sound City* team feel confident that 2013 will be another record year for the event.

Field Day Festival

Entertainment VCT 1 Investment amount £1,000,000

(£2,000,000 across the Ingenious Entertainment VCTs)

In November 2012, the Entertainment VCTs invested into Waxarch Ltd to promote London's premier festival for up and coming talent, *Field Day Festival*. The event has sold out its 30,000 capacity for the past two years, and the Manager expects to see further growth in this festival with an increased capacity for 2013 to 40,000 which should also help to drive increased profitability.

The Manager and event partners are also looking to expand *Field Day* internationally, with a number of conversations with international promoters currently taking place.

Exhibitions

Golf Live

Entertainment VCT 1 Investment amount £275,250

(£550,500 across the Ingenious Entertainment VCTs)

Golf Live is a three day interactive golf event which staged its third annual event at The London Golf Club, Kent in May 2012. IMG who manage a large number of leading golfers, have also invested into the event which combines elements of golf exhibition, live golf shows and the opportunity for golfers to interactively participate in all aspects of the game. The event has seen appearances from leading golf professionals including Colin Montgomerie, Ian Poulter, Darren Clarke and Gary Player.

The *Golf Live* concept has struggled to establish itself commercially, however, with its best performance reaching breakeven. In light of this, the event partners are discussing the opportunity to radically restructure and relocate the event to encompass a more 'celebrity driven' offering.

Titans of Cricket

Entertainment VCT 1 Investment amount £1,000,000

(£2,000,000 across the Ingenious Entertainment VCTs)

In June 2011 an investment of £2,000,000 was made by the Ingenious Entertainment VCTs into Titans of Sport Limited (formerly This is Cricket Limited) to promote a new sports event, *Titans of Cricket*.

MANAGER'S REVIEW (CONTINUED)**Exhibitions (continued)***Titans of Cricket (continued)*

Titans of Cricket takes the best of Twenty20, the Indian Premier League and World Cup Cricket and combines them in a new format that demonstrates the skills of some of the world's top cricketing stars both past and present. The first event took place at the O2 in London in October 2011 and attracted 8,000 fans, with appearances from Andrew Flintoff and Adam Gilchrist plus a host of other international cricket stars. The first year event was loss making and the Manager and event partners are now considering how the brand can be redeveloped.

Live Venues and Venue Content*XOYO*

Entertainment VCT 1 Investment amount £400,000

(£800,000 across the Ingenious Entertainment VCTs)

In March 2010, an investment of £800,000 was made with Assorted Works Limited to open a new live venue in Shoreditch, East London. *XOYO* is a 900 capacity live entertainment venue split over two floors. The venue programs, books and promotes an exciting range of live music, club nights, visual art and other creative media events. The *XOYO* location is in the hub of London's music, art and party scene.

The venue received a positive reception from the media and strong public attendance figures but, in spite of this, was unable to generate the utilisation required to become significantly profitable. In July 2012, the shareholders in the venue unanimously agreed to sell their shareholding to a third party, generating a small overall profit for the Company.

Jongleurs Comedy Live

Entertainment VCT 1 Investment amount £1,000,000

(£2,000,000 across the Ingenious Entertainment VCTs)

In October 2010 an investment of £2,000,000 was made by the Ingenious Entertainment VCTs into Jongleurs Comedy Live Limited to promote a variety of comedy events.

In June 2011 it was agreed that the partners had differing views as to the direction of the company and an agreement was entered into that has now seen the Ingenious Entertainment VCTs withdraw from the investment. The original capital invested has now been fully recouped.

Jetstream Live Events

Entertainment VCT 1 Investment amount £1,000,000

(£2,000,000 across the Ingenious Entertainment VCTs)

In December 2010, the Ingenious Entertainment VCTs agreed with the directors of Apollo Resorts and Leisure Limited (the **Apollo Group**) to invest further funding into Jetstream Events Limited to co-promote potential new projects with a highly experienced team in the Live Sector. A number of projects have been considered since the investment was made, although upon detailed consideration none of these were considered to be commercially viable enough to proceed with. In Autumn 2012, however, the parties agreed to proceed with co-promoting an exciting new event to be held in London in Summer 2013 involving a brand that is renowned throughout the world in its genre. Unfortunately, commercial sensitivities currently prevent us from announcing this exciting new partnership, although we would hope to be able to make an announcement in the very near future.

Television Format and Distribution*Let's Dance*

Entertainment VCT 1 Investment amount £502,500

(£1,005,000 across the Ingenious Entertainment VCTs)

In January 2009, the Ingenious Entertainment VCTs invested £1,000,000 to back the television dance format *Let's Dance*. A further investment of £5,000 was made when the Entertainment VCTs bought out the stake of Ingenious Live VCT 1 plc and Ingenious Live VCT 2 plc.

For the past four years BBC One has commissioned Whizz Kid Entertainment to produce this hugely popular celebrity-led series for both *Comic Relief* and *Sports Relief*. In 2012 the programme was aired to over 6 million viewers and enjoyed a prime time Saturday night slot on BBC One. Following the ratings success of the UK series, the *Let's Dance* format has been sold and aired in a number of different countries including Germany, the Netherlands, Sweden, Russia, Slovakia and Indonesia.

Let's Dance has also been re-commissioned for a fifth UK series which was aired in early 2013 (on behalf of *Comic Relief*) and, as a result of this success, the Manager is hopeful that further international revenues may be achieved by the format. The revenues generated to date have already covered the initial investment made.

INGENIOUS ENTERTAINMENT VCT 1

MANAGER'S REVIEW (CONTINUED)

Television Format and Distribution (continued)

Digital Rights Group

Entertainment VCT 1 Investment amount £1,000,000

(£2,000,000 across the Ingenious Entertainment VCTs)

In June 2009, the Ingenious Entertainment VCTs agreed with independent television distributor Digital Rights Group Limited (**DRG** or **DRG Group**) to jointly acquire, market and distribute a series of television programmes

DRG is the leading independent distributor of content in the UK with various brands in the DRG Group supporting all genres including drama, comedy, reality and other TV formats DRG has worked on shows as diverse as *The Inbetweeners*, *Kingdom* starring Stephen Fry, the Martin Clunes drama *Doc Martin*, Australian series *Sea Patrol*, a wide variety of children's programmes and factual documentaries The investment has generated a small positive return for the Company

SuperVision Media

Entertainment VCT 1 Investment amount £1,000,000

(£2,000,000 across the Ingenious Entertainment VCTs)

In August 2010, an investment was made in *SuperVision Media* to co-promote and co-distribute alternative content *SuperVision Media* is one of the leading owners and distributors of alternative content for cinemas around the globe in both the sport and entertainment fields The Company aims to provide viewers with experiences that are the next best thing to being at the event whilst screening live, uninterrupted content, mainly in 3D format, accompanied by surround sound 2012 saw *Supervision* screen the Wimbledon Gentlemen's Singles Tennis Final and the Haye vs Chisora boxing match in selected cinemas across the country

Unfortunately the investment has not proven successful and *Supervision* has struggled to successfully monetise digital content in cinemas, incurring significant losses The Manager has reviewed the future prospects for the Company and has concluded that it should make a full provision for any unsecured element of this investment

Saturn Explosion

Entertainment VCT 1 Investment amount £1,000,000

(£2,000,000 across Ingenious Entertainment VCTs)

In December 2010, the Ingenious Entertainment VCTs agreed with the directors of *SuperVision Media* to form a new company, *Saturn Explosion Limited*, to carry on the trade of the production, promotion and exploitation of alternative digital content (including, but not limited to, event based entertainment and sport content such as music concerts, festivals, theatrical productions and live sporting events) across a range of media including television and cinema

The purpose of this funding was to acquire content that could be exploited across the various platforms but whereby any investment would be underpinned by minimum revenues through third party advances from distributors as well as potential payments by sponsorship partners wishing to be connected with the content

The Manager has considered a number of potential investment opportunities over the last 12 months, but has yet to agree appropriate terms on any of these and, as a result of the lack of commercial success in the *SuperVision Media* investment above, has decided that its best course of action would be to return the funds back to the Company rather than risking making potential losses through investing these monies

Contact

If you have any questions on this review or would like to speak with a member of the management team, please do not hesitate to contact us on 0207 319 4000

Ingenious Ventures

9 April 2013

BOARD OF DIRECTORS

David Munns (Chairman)

David joined EMI in 1972 and held progressively more senior marketing roles, including Senior Creative Director. In 1987, David joined PolyGram and was promoted to the position of Senior Vice President – Pop Marketing at PolyGram International. At PolyGram, David worked with artists such as *U2*, the *Bee Gees*, *Andrew Lloyd Webber* and *Van Morrison*. In 2001, David joined EMI as its Worldwide Vice-Chairman and left in 2007 to consult for leading media and entertainment companies. David has also managed *Bon Jovi* and is chairman of the Music Industry Trust and the Charty Nordoff Robbins. He was recently awarded an OBE for his services to charity and the music industry.

Keith Turner

Keith is the UK representative of Weitzenhoffer Theatres, co-owner of Nimax Theatres, and acts as legal and business consultant to London theatre producers as well as venue marketing promotion throughout the UK. Keith started his career as a solicitor specialising in the commercial sector of theatre, film and music. Between 1969 and 1974 Keith was the first legal director of PolyGram UK as well as director of Legal and Business Affairs for the Robert Stigwood Group between 1971 and 1978. From 1986 until 1998, Keith was the Legal and Business Affairs Director of the Really Useful Group.

Patrick McKenna

Patrick is one of the leading figures in the creative industries and is the founder and Chief Executive of Ingenious. He started his career in the accountancy profession and was a Partner at Deloitte before becoming Chairman and Chief Executive of The Really Useful Group. Patrick is currently Chairman of the Young Vic Theatre Company and Hat Trick Productions and Chairman of the Board of Trustees of St John's Smith Square. He is also a member of the Creative Industries' Council and of the advisory board of the advertising agency BBH. Patrick is actively engaged in the evaluation and selection of media projects proposed for funding by the investment vehicles operated by the Ingenious Group.

INGENIOUS ENTERTAINMENT VCT 1

DIRECTORS' REPORT

The Directors submit their Annual Report and Accounts for the year from 1 January 2012 to 31 December 2012

1. Principal Activity and VCT Status

The principal activity of the Company is to invest in a portfolio of companies established to create and bring to market live events and premium entertainment content. A review of the Company's business during the Reporting Period and an indication of likely future developments are contained in the Chairman's Statement, Manager's Review and the Business Review.

The Directors have managed the affairs of the Company with the intention of maintaining its status as an approved VCT for the purposes of section 274 of the ITA. The Company was not at any time up to the date of this report a "close company" within the meaning of section 989 of the ITA.

2. Directors and Directors' Interests

The Directors and their respective biographies are set out on page 8.

The interests of the Directors in the issued Share capital of the Company as at 31 December 2012 were as follows:

Name	Number of Ordinary Shares	% of issued Ordinary Share capital	Number of C Shares	% of issued C Share capital	Number of D Shares	% of issued D Share capital
David Munns	-	-	-	-	-	-
Keith Turner	5,125	0.1	-	-	5,150	0.1
Patrick McKenna	202,500*	2.0	100,000	3.6	103,000	1.5
Total	207,625	2.1	100,000	3.6	108,150	1.6

Name	Number of E Shares	% of issued E Share capital	Number of F Shares	% of issued F Share capital	Number of G Shares	% of issued G Share capital
David Munns	-	-	-	-	-	-
Keith Turner	-	-	-	-	-	-
Patrick McKenna	77,537**	2.7	77,537**	4.9	235,660***	6.7
Total	77,537	2.7	77,537	4.9	235,660	6.7

Name	Number of H Shares	% of issued H Share capital
David Munns	-	-
Keith Turner	-	-
Patrick McKenna	35,967	2.1****
Total	35,967	2.1

* Includes 100,000 Shares held by Patrick McKenna's wife, Margaret McKenna

** Includes 25,875 Shares held by Patrick McKenna's wife, Margaret McKenna

*** Includes 65,080 Shares held by Patrick McKenna's wife, Margaret McKenna

**** This represents the % of H Shares allotted up to 5 April 2013

The Directors and, where relevant, their spouses subscribed for the above interests during the period of the relevant Offer and on the terms set out in the relevant Prospectus.

Any changes to the above interests between 31 December 2012 and the date of this report are detailed in note 19, 'Events After the Balance Sheet Date'. All interests are beneficial.

No H Shares had been allotted as at 31 December 2012.

DIRECTORS' REPORT (CONTINUED)**3. Major Interests in Shares**

As at the date of this report, the Company has been notified that the following Shareholders had an interest of 3% or more of the issued Share capital of the Company

Shareholder	Number of Shares	% of issued Share capital
Cazenove Capital Management Limited	1,690,830	5.7

4. Capital

Details of the Company's capital are provided in note 13 to the financial statements. All Shares carry equal voting rights.

In December 2012, the Company launched the H Share Offer. No H Shares were allotted before the 31 December 2012 year end.

5. VCT Status Monitoring

The Company has appointed PwC to advise it on compliance with the relevant VCT legislation. PwC advises on proposed investments as required and regularly reviews the Company's investment portfolio. PwC works closely with the Manager in monitoring the Company's VCT status but reports directly to the Board.

6. Re-appointment of Auditor

A resolution to re-appoint Grant Thornton UK LLP as auditor to the Company will be put to the Shareholders at the Annual General Meeting (AGM) (see resolution 13 of the Notice).

7. Directors and Officers Liability Insurance

All Directors were covered by Directors and Officers liability insurance throughout the year under review and this will continue to remain in force.

8. Policy and Practice on the Payment of Creditors

The Company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction. Average trade creditor days of the Company as at 31 December 2012 were 12 days (31 December 2011: 11 days). This represents the ratio, expressed in days, between the amounts invoiced to the Company in the period by its suppliers and the amounts due, at the year end, to trade creditors falling due for payment within one year.

9. Financial Risk Management

Details of the Company's financial instruments and risk management policies and objectives are provided in note 16 to the financial statements.

10. Management Agreement

The management agreement was entered into on 19 November 2007 and has been subsequently novated, varied and restated. The management agreement allows for the Manager to assume responsibility for the continuous management of the Company's portfolio of investments and to provide administrative services. In return for its services the Manager is paid an annual portfolio management fee of 1.75% of the Company's net asset value, a performance-related incentive fee (details of which can be found in the Prospectus and note 11 of the Directors' Report), and an annual administration fee of £90k (adjusted annually in line with inflation).

The Board has approved a deed of novation which, with effect from 6 April 2012, novated the management agreement so that Ingenious Capital Management Limited replaced Ingenious Asset Management Limited as Manager to the Company. Ingenious Capital Management Limited, trading as Ingenious Ventures, undertakes the same duties as Ingenious Asset Management Limited and, save for the change of name of the Manager, there is no other change to the terms of the management agreement. The reason for this change was to effect an administrative reorganisation within the Ingenious Group.

The HM Revenue & Customs (HMRC) Brief 35/08 introduced legislation meaning management fees payable by VCTs are now exempt from VAT. Consequently, the management agreement was amended on 1 April 2009 to enable the Manager to charge irrecoverable input VAT associated with the performance of its services, and the Manager has reclaimed VAT charges from HMRC retrospectively.

The management agreement runs for a minimum period of six years per Share class, starting on the date of the first allotment of Shares in that particular Share class (for example, from 4 April 2008 for the Ordinary Share class).

The Board has reviewed the performance of the Manager and is satisfied with the approach and procedures in providing investment management services to the Company and that the continued appointment of the Manager on the terms agreed is in the best interests of the Shareholders and the Company.

DIRECTORS' REPORT (CONTINUED)

11. Performance Incentive Fees

The performance-related incentive fee payable by the Company is equal to 20% of cumulative distributions in excess of £1 05 per Ordinary Share, 20% of cumulative distributions in excess of £1 05 per C Share, 20% of cumulative distributions in excess of £1 05 per D Share, 20% of cumulative distributions in excess of £1 05 per E Share, 20% of cumulative distributions in excess of £1 05 per F Share, 20% of cumulative distributions in excess of £1 05 per G Share and 20% of cumulative distributions in excess of £1 05 per H Share. Further details can be found in the relevant Prospectus.

12. The AGM

The Notice convening the AGM can be found on pages 54 to 59. Additional information relating to the AGM and the resolutions to be considered by Shareholders can be found on page 60.

13. Business Review

The Directors have included their Business Review on pages 13 to 15.

14. Corporate Governance Report

The Directors have included their Corporate Governance Report on pages 19 to 22.

15. Environmental, Employee, Social and Community Matters

The Company has no employees and all of its Directors are non-executive, the Company's day to day activities being carried out by the Manager. There are therefore no disclosures to be made in respect of employees.

The Manager is part of the Ingenious Group which actively seeks to reduce its impact on the environment. Wherever possible, investor communications are distributed electronically in order to reduce the utilisation of natural resources.

For many years the Ingenious Group has been a strong supporter of The Young Vic Company (a registered charity). The Young Vic Company is a not-for-profit theatre company of which Patrick McKenna is chairman and director.

16. Dividends

The Directors recommended an interim dividend of 20 0 pence per Ordinary Share on 30 January 2013 (2012 5 0 pence). The dividend was paid on 28 February 2013 by way of a capital distribution reducing the Company's other reserves.

The Directors recommended an interim dividend of 5 0 pence per C Share on 30 January 2013 (2012 5 0 pence). The dividend was paid on 28 February 2013 by way of a capital distribution reducing the Company's other reserves.

The Directors recommended an interim dividend of 5 0 pence per D Share on 30 January 2013 (2012 5 0 pence). The dividend was paid on 28 February 2013 by way of a capital distribution reducing the Company's other reserves.

The Directors recommended an interim dividend of 5 0 pence per E Share on 30 January 2013 (2012 5 0 pence). The dividend was paid on 28 February 2013 by way of a capital distribution reducing the Company's other reserves.

The Directors recommended an interim dividend of 5 0 pence per F Share on 30 January 2013 (2012 5 0 pence). The dividend was paid on 28 February 2013 by way of a capital distribution reducing the Company's other reserves.

No dividends were recommended or paid for the G Share class.

17. Directors' Responsibilities Statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to

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

DIRECTORS' REPORT (CONTINUED)

17. Directors' Responsibilities Statement (continued)

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

The Directors confirm that

- so far as each of the Directors is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

To the best of my knowledge

- the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws), give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

Signed on behalf of the Board of Directors



David Munns
Chairman
9 April 2013

INGENIOUS ENTERTAINMENT VCT 1

BUSINESS REVIEW

The purpose of this review is to provide Shareholders with a summary setting out the business objectives of the Company, the Board's strategy to achieve those objectives, the risks faced, the regulatory environment and the key performance indicators (KPIs) used to measure performance

1. Strategy for Achieving Objectives

Ingenious Entertainment VCT 1 plc is a tax efficient company listed on The London Stock Exchange

The investment objective is to achieve a combination of a substantial degree of downside protection in an otherwise potentially high risk proposition and long-term capital growth, maximising distributions in order to take advantage of tax-free dividends

The Board has delegated day-to-day investment management and administration of the Company to the Manager under the terms of a management agreement

The Manager's review on pages 4 to 7 provides a review of the investment portfolio and the market outlook

2. Investment Policy

The Company's investment policy is to focus on investing in companies established to create and bring to market live events and premium entertainment content. These investments should be Qualifying Investments for the purposes of the VCT legislation. Each Share class of each of the Ingenious Entertainment VCTs (the **VCTs**) represents a separate pool of capital and each such pool has its own separate performance record and dividend history

For the Ordinary Shares, C Shares, D Shares and E Shares, the Manager intends to balance the risk profile by investing no more than 30% of the respective funds raised under the respective Offers in a blend of low risk money market open ended investment companies (**OEICs**) (which are Non-qualifying for the purposes of VCT legislation) and at least 70% of funds raised in VCT qualifying media content investments

In respect of the F Shares, the Manager will deploy no more than 30% of the funds in a balanced multi-asset management portfolio (which is Non-qualifying for the purposes of VCT legislation) and at least 70% of funds raised in VCT qualifying media content investments

As with the G Shares, in relation to the H Shares, the Manager intends to balance the risk profile of the fund by investing at least 70% of the funds raised in VCT qualifying media content investments with the remaining funds to be invested into a blend of low risk money market OEICs and other investments including, but not limited to, cash deposits, money market funds, fixed interest securities, secured loans, corporate bonds and corporate bond funds (which are Non-qualifying for the purposes of VCT legislation)

The investment policy for VCT qualifying media content investments is based upon the same core aims for all Share classes, incorporating a rigorous selection process, together with a funding structure and minimum revenue contractual arrangements specifically designed to offer investors downside protection whilst preserving the considerable upside potential of the live events and entertainment content within the portfolio

Asset Allocation

The Manager will focus on investing in companies producing live events or creating branded entertainment content with a view to achieving a broad allocation of the VCTs' assets across the entertainment sector. Investments could include the production and promotion of a theatrical show or the launch of a music festival, the development and exploitation of new formats or the creation of online or mobile games. The Manager's objective will be to identify projects in which the VCTs can participate in the revenues and in the capital value of the content once the market is established

Ordinary Shares, C Shares, D Shares and E Shares

The Directors believe that pending deployment into Qualifying Investments, funds should be deployed in a low risk, liquid investment, which also provides moderate returns to VCT Shareholders. The Manager intends to invest such capital raised in the Ordinary Share Offer, the C Share Offer, the D Share Offer and the E Share Offer and not deployed in Qualifying Investments in a number of low risk money market OEICs with a rating of at least AAAM (S&P) or Aaa/MR1+ (Moody's) or, where the fund is not rated by these agencies, the average credit quality of the portfolio is not less than AA+ (S&P)

F Shares

The Manager will invest capital raised in the F Share Offer as follows: at least 70% will be invested in Qualifying Investments (companies in the media and entertainment sector) throughout the life of the Company and no more than 30% of funds will be retained in a balanced multi-asset management portfolio throughout the life of the Company

BUSINESS REVIEW (CONTINUED)**2. Investment Policy (continued)****Asset Allocation (continued)**

G Shares and H Shares

Of the funds raised from the G Share Offer and the H Share Offer, at least 70% will be invested in Qualifying Investments (companies in the media and entertainment sector). The remaining 30% of the funds raised by these Offers will be retained in a blend of low risk money market OEICs and other investments including, but not limited to, cash deposits, money market funds, fixed interest securities, secured loans, corporate bonds, and corporate bond funds throughout the life of the VCTs, creating a lower risk profile for the G Shares and the H Shares.

Diversification

The Manager will seek to diversify the risk of Qualifying Investments through investment in media content and live events chosen from a broad spectrum of opportunities in the media and entertainment sector. However, the principal focus will be on the quality of the proposition, the experience of the production partner and the returns that can be generated. There is, therefore, no limitation on investments in any specific segment of the entertainment sector.

There will, however, be restrictions on the size of investments (both Qualifying Investments and other investments) made by the VCTs as set out in the VCT Status and Maximum Exposures paragraph below.

Risk Mitigation

The following risk mitigation strategies will be utilised by the Investee Companies, and in common with industry practice:

- each Investee Company will be required to put in place pre-sales or similar minimum revenue arrangements providing for the Investee Company to receive at least 75% of the VCTs' investment (and in the case of the H Share class, at least 50% of the VCTs' investment) (**Base Revenues**);
- Each Investee Company will engage the services of an experienced producer or promoter with a proven track record in bringing media projects to market and delivering the returns targeted by the VCTs;
- Each Investee Company will be required, where appropriate, to obtain relevant insurance policies in order to protect against normal industry risks. After completion of its first project, each Investee Company may seek to undertake further projects (with at least the same level of downside protection) from its existing cash-flows. However, Investee Companies will not be permitted to undertake further projects which could reduce the Base Revenues generated from its first project. Each Investee Company will be expected to realise the capital value of its rights and goodwill after five years. This investment policy should ensure a high degree of downside protection whilst preserving the considerable upside potential of the premium media content within the portfolio.

Funding Structure, Gearing and Contractual Arrangements

Each Qualifying Company in which the VCTs invest will have been formed for the purpose of engaging in the production and exploitation of premium media content or a live event.

In respect of the funds raised by the Company prior to 6 April 2011 under the Ordinary Share Offer, the C Share Offer, the D Share Offer, the E Share Offer and the F Share Offer, the VCTs' policy has been to invest in Qualifying Companies by subscribing for a minimum of 30% of their investment in share capital and the remaining amount through loan stock instruments. However, changes introduced by the Finance Act (No. 3) 2010 mean that for funds raised on or after 6 April 2011 (the G Share Offer and the H Share Offer) the VCTs will instead invest a minimum of 70% of their investment in share capital and the remaining amount through loan stock instruments.

The VCTs will have a non-controlling interest in each Investee Company and other shareholders may include, amongst others, promoters, record labels, game developers and charities. It is expected that the initial capital provided by the VCTs will be sufficient to cover the Investee Company's budgeted costs of creating and bringing to market the initial project.

The VCTs can invest, under current VCT legislation, up to £2.5 million each (and, therefore, £5 million in aggregate) per tax year in any one Investee Company (provided that such an Investee Company does not receive any funds from other State Aid sources, including from VCTs and the Enterprise Investment Scheme) and will always co-invest on equal terms pro rata to the capital in each VCT. This should have the advantage of enabling the VCTs to co-invest in larger projects than if one VCT was investing by itself. The VCTs will not borrow money in relation to their activities.

Liquidity

As was the case with each of the Ordinary Share Offer, the C Share Offer, the D Share Offer, the E Share Offer, the F Share Offer and the G Share Offer, each of the VCTs intends to create an H Share reserve which will enable it to make Share buy-backs in the market, subject to liquidity and regulatory restraints. The VCTs will operate a discount policy for repurchasing Shares, which will be determined by the Boards of the VCTs at their discretion.

INGENIOUS ENTERTAINMENT VCT 1

BUSINESS REVIEW (CONTINUED)

2. Investment Policy (continued)

Liquidity (continued)

The VCTs intend to return funds to Shareholders after five years if Shareholders so desire. In any event, the Articles of each of the VCTs currently contain a provision requiring the Directors to propose an ordinary resolution at the tenth AGM of the VCTs to continue the life of the VCTs. If any such resolution is not passed, the Directors will draw up proposals for the re-organisation, reconstruction or voluntary winding up of the VCTs for consideration of members at a general meeting on a date not more than nine months after such general meeting. Implementation of such proposals will require the approval of Shareholders by special resolution.

VCT Status and Maximum Exposures

In order to obtain venture capital trust status, the VCTs must be approved by HMRC. The conditions which must be satisfied to obtain and retain such status include the following restrictions on the maximum exposure of each VCT:

- no holding in a company will represent more than 15% by value of each VCT's total investments, and
- each VCT is limited to investing up to £2.5 million per Investee Company in any one tax year or in any six month period straddling two tax years (provided that such a company does not receive any funds from other State Aid sources, including from VCTs and the Enterprise Investment Scheme).

The limits stated in the policy above in relation to the percentage amount of the funds invested in Qualifying Investments and Non-qualifying Investments will need to be met within the three year VCT investment period in accordance with the VCT qualifying rules. The Boards of the VCTs do not intend to vary the VCTs' investment policy, however, should a material change in the investment policy (including the conditions above) be deemed appropriate this will be completed with Shareholders' approval and in accordance with the Listing Rules.

3. Principal Risks, Risk Management and Regulatory Environment

The Board believes that the principal risks faced by the Company are:

- **Investment and strategic** – the performance of an investment in an event is tied to a certain degree to the fortunes of the industry generally. In particular, there is a risk that the Company will not identify opportunities where the commercial success of the live event or created branded content is sufficient to earn revenues over and above the minimum contractual income negotiated.
- **Loss of approved status as a Venture Capital Trust** – the Company must comply with section 274 of the ITA which allows it to be exempted from capital gains tax on investment gains realised by Shareholders. Any breach of these rules may lead to the Company losing its approval as a VCT, qualifying Shareholders who have not held their Shares for the designated holding period would have to repay the income tax relief they obtained and future dividends paid by the Company would become subject to tax. The Company would also lose its exemption from corporation tax on capital gains.
- **Regulatory** – the Company is required to comply with the Act, the rules of the UK Listing Authority and United Kingdom Accounting Standards. Breach of any of these regulatory rules might lead to suspension of the Company's Stock Exchange listing, financial penalties or a qualified audit report.
- **Financial** – inadequate internal controls might lead to misappropriation of assets. Inappropriate accounting policies might lead to misreporting or breaches of regulations.
- **External inherent risks** – the Company's investments will be in unquoted companies which by their nature involve a higher degree of risk than investment in the main market due to the fact there is no liquid market and may, therefore, be difficult to realise. Furthermore, there may be further constraints imposed on realisations because of the requirement to satisfy certain conditions necessary for the Company to maintain its VCT status (such as the obligation to have at least 70% by value of its investments in qualifying holdings by the beginning of the accounting period commencing three years after provisional VCT approval).

The Board seeks to mitigate the internal risks by setting clear policies, including establishing a funding structure which provides for minimum revenues of between 50% and 75% of the investment (depending on which Share class the investment is made from), regular reviews of performance, monitoring progress and compliance. Details of the Company's internal controls are contained in the Corporate Governance Report set out on pages 19 to 22.

4. Key Performance Indicators (KPIs)

The primary key performance indicator on which the Board assesses the performance of the Manager in meeting the Company's objective is the change in net asset value per Share.

A review of the Company's performance during the year, the position of the Company at the year end and the outlook for the coming year are contained within the Chairman's Statement on pages 2 and 3 and the Manager's Review on pages 4 to 7.

DIRECTORS' REMUNERATION REPORT

This report has been prepared by the Directors in accordance with the requirements of Chapter 6 of Part 15 of the Act. A resolution to approve the report will be proposed at the AGM. The Act requires the Company's auditor to audit certain information included in this report. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in the auditor's report on pages 23 to 24.

1. Directors' Remuneration Policy

Pursuant to the Articles, the aggregate fees of the Directors are capped at £100,000 per annum. The fees payable to non-executive Directors reflect their expertise, responsibilities and time spent on Company matters. In determining the level of non-executive remuneration, market equivalents are considered in comparison to the overall activities and size of the Company. Subject to the Articles, the Directors intend to continue to operate this remuneration policy for the forthcoming financial year and thereafter.

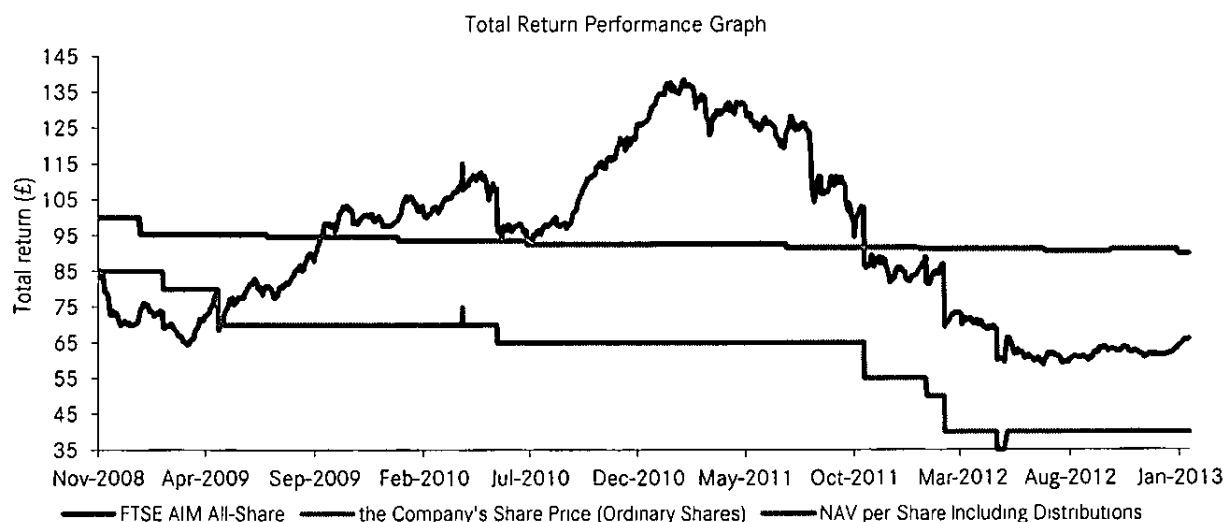
2. Appointment Letters

Each Director has executed an appointment letter which provides that he is to receive an annual fee, which is £15,000 per annum for David Munns and Keith Turner and £7,500 for Patrick McKenna, and for each Director to be reimbursed for any reasonable out-of-pocket expenses. These appointment letters state that a Director shall remain in office unless he resigns as a Director, is removed from his office by the Board or the members of the Company, or becomes prohibited by law from being a Director.

The appointment letters do not provide for compensation upon early termination of appointment. There are no set minimum notice periods in the Directors' appointment letters but all Directors are subject to retirement by rotation. None of the Directors has a service contract.

3. Performance

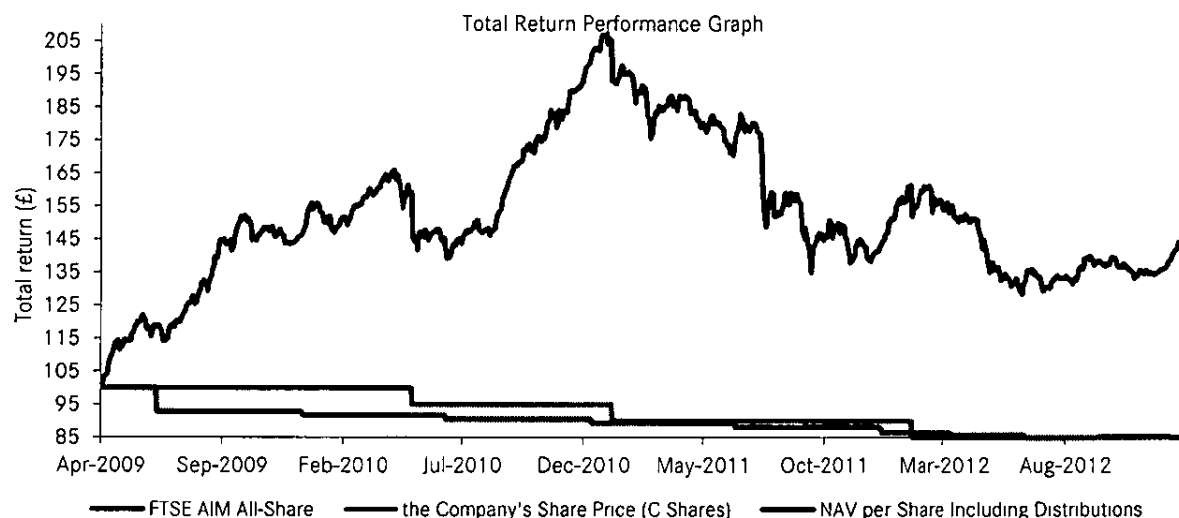
The following line graphs compare the total return on an investment of £100 in the Ordinary Shares and C Shares of the Company, assuming any dividends are reinvested, with the total shareholder return on a notional investment of £100 made up of shares of the same kinds and number as those by reference to which the FTSE AIM All-Share Index is calculated. This index was chosen for comparison purposes as it is the most relevant to the Company's investment portfolio. The first graph compares the Ordinary Shares of the Company and the second graph compares the C Shares of the Company all against the FTSE AIM All-Share Index.



INGENIOUS ENTERTAINMENT VCT 1

DIRECTORS' REMUNERATION REPORT (CONTINUED)

3. Performance (continued)



Share price data is not available for the D Shares, E Shares, F Shares or G Shares as there has been no activity in relation to the share price

4. Directors' Remuneration

The following table shows a breakdown of the remuneration of individual Directors (exclusive of employer's National Insurance Contributions)

Director	Year ended 31 December 2012 Fees £'000	Year ended 31 December 2011 Fees £'000
David Munns	15	15
Keith Turner	15	15
Patrick McKenna	8	8
	38	38

No expenses were paid to any Director in the year. The Company does not grant share options, long-term incentive schemes or retirement benefits to any Director. No contributions are made on behalf of the Directors to any pension scheme.

No Director has received any bonuses, taxable expenses, compensation for loss of office or non-cash benefits for the year ended 31 December 2012 (31 December 2011: £Nil). In respect of this Reporting Period, the Company has purchased (and continues to maintain) liability insurance covering the Directors and Officers of the Company.

This sub-paragraph 4 has been audited by Grant Thornton UK LLP.

DIRECTORS' REMUNERATION REPORT (CONTINUED)

5. Shareholder Approval

This Directors' Remuneration Report will be put to the Shareholders for their approval at the AGM

By order of the Board



Sarah Cruickshank

Company Secretary

9 April 2013

Registered office
15 Golden Square
London
W1F 9JG

Company Registration Number 6395011 (England and Wales)

INGENIOUS ENTERTAINMENT VCT 1

CORPORATE GOVERNANCE REPORT

The Company is committed to maintaining the highest standards of corporate governance. The Directors seek to comply with the UK Corporate Governance Code 2010 (the relevant version of the code for the Reporting Period) (the **Code**) to the extent that it is proportionate and relevant to (i) the size and nature of the Company and its operations, and (ii) the Company's particular Board and management structure as a VCT. On this basis, the Directors believe that, during the year under review, the Company has complied with the provisions of the Code except as explained below.

A copy of the Code can be obtained from the website of the Financial Reporting Council at www.frc.org.uk/corporate/ukcgcode.cfm

This Corporate Governance Report forms part of the Directors' Report which can be found on pages 9 to 12

1. Board Composition

The Board consists of three Directors: David Munns (Chairman), Keith Turner, and Patrick McKenna. David Munns and Keith Turner are considered to be independent in accordance with the Listing Rules and the Code.

Patrick McKenna is not considered to be independent as he is a director of the Manager and is also a director of Ingenious Entertainment VCT 2 plc to which the Manager also acts as investment manager. During the Reporting Period Patrick McKenna also acted as a director of Ingenious Live VCT 1 plc and Ingenious Live VCT 2 plc to which the Manager also acted as investment manager prior to the commencement of the members' voluntary winding-up process to return capital to shareholders. As a non-independent Director, Patrick McKenna will stand for re-election at the 2013 AGM of the Company as required by Listing Rule 15.2.13A.

The Board believes Patrick McKenna's directorship helps to enhance the communication between the Board and the Manager as well as allowing the Board to closely supervise the Manager's performance. The Board therefore believes that this directorship is advantageous to the Company, and does not affect the well balanced nature of the Board.

Biographical details of each of the Directors can be found on page 8.

2. Board Appointments and Tenure

Each of the Directors has been appointed for an initial term of six years and is subject to regular re-election by Shareholders in accordance with the Articles of the Company. Each Director's appointment may be terminated on one month's written notice being given by the Company.

In accordance with the relevant requirements of the Company's Articles, the Listing Rules and best practice in the Code, David Munns, Keith Turner and Patrick McKenna will retire and seek re-election at the 2013 AGM. The Directors' terms of appointment may be inspected by Shareholders at the Company's registered office during normal business hours and at the AGM of the Company. The Board does not believe that length of service necessarily affects a Director's independence of character or judgement, but will continue to review its policy on tenure throughout the life of the Company.

To date, no formal performance evaluation of the Directors or the Board has been undertaken. Specific performance issues will be dealt with as and when they arise. No performance issues arose during the year under review and the Board considers that the individual performance of each of the Directors continues to be effective and demonstrates their commitment to the role. The Board therefore recommends that the Directors be re-appointed and, accordingly, that Shareholders vote in favour of resolutions 3 to 5 (inclusive) as set out in the Notice.

No senior independent director has been appointed by the Board as it does not consider this to be necessary as the Board is comprised solely of non-executive Directors. The Company does not have a Chief Executive or Deputy Chairman as these positions are not considered appropriate given the Company's size and status as a VCT.

3. Board Proceedings

The Board meets at least four times a year and convenes ad hoc meetings as and when required. The following table sets out the number of Board meetings held during the year and the number of meetings attended by each Director.

	Attended	Possible
David Munns (Chairman)	7	7
Keith Turner	7	7
Patrick McKenna	1	7

CORPORATE GOVERNANCE REPORT (CONTINUED)**3. Board Proceedings (continued)**

The Manager provides the Board with appropriate information in a timely manner prior to all Board proceedings and at such other times as may be required by the Directors

All of the Directors have access to the advice and services of Sarah Cruickshank, the Company Secretary, and the Manager's investment team. The Directors may also take independent professional advice at the Company's expense where necessary in the furtherance of their duties and responsibilities

4. Board Responsibilities

The Board has delegated day-to-day investment management and administration of the Company to the Manager under the terms of a management agreement. The Board retains overall responsibility for the Company's affairs, including the determination of its investment policy

The Board believes that the terms of this delegation are clearly defined and provide a healthy balance between (i) maintaining supervision over the Manager's activities, and (ii) allowing the Manager to effectively source and implement appropriate Qualifying Investments in fulfilment of the Company's investment policy

The Board, therefore, does not believe that it is necessary to adopt a specific schedule of reserved matters over and above the terms of the investment management and administration agreements which are currently in force

5. Board Committees

The Company has an audit committee comprising of Keith Turner (Chairman), David Munns and Patrick McKenna. Both Keith Turner and David Munns are considered to be independent. Although Patrick McKenna is not considered to be independent for the reasons set out in paragraph 1 above, his appointment to the audit committee is considered appropriate as he brings recent and relevant financial experience

The audit committee has defined terms of reference and duties. The audit committee meets at least twice a year. The audit committee is responsible for reviewing the half-yearly and annual accounts before they are presented to the Board, the terms of appointment and independence of the auditor, together with the auditor's remuneration, as well as a full review of the effectiveness of the Company's internal control and risk management systems

The audit committee is satisfied with the performance of the auditor and recommends to Shareholders that Grant Thornton UK LLP be re-appointed as auditor for the forthcoming year

The following table sets out the number of audit committee meetings held during the year and the number of meetings attended by each committee member

	Attended	Possible
Keith Turner (Chairman)	2	2
David Munns	2	2
Patrick McKenna	-	2

The Directors have not appointed a nominations committee as they consider that this would be disproportionate to the size of the Board. Appointments of any new Directors will be determined by the full Board

No remuneration committee has been appointed by the Board on the basis that the Company has no executive directors, employees or share incentive plans. No individual Director is involved in setting his own level of remuneration

6. Relations with Shareholders and the AGM

The Board places great importance on maintaining effective communication with Shareholders. The AGM, which will be held on 14 May 2013, will be an opportunity for Shareholders to meet with both the Board and the Manager in order to discuss the Company's progress. Participation at the meeting is therefore encouraged

CORPORATE GOVERNANCE REPORT (CONTINUED)

7. Internal Controls

The Board is responsible for supervising the Company's system of risk management and internal controls operated by the Manager and for reviewing its effectiveness. The Board, in conjunction with the Manager, has therefore established 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 the Annual Report and Accounts and accords with the Financial Reporting Council's 'Internal Control: Revised Guidance for Directors on the Combined Code' issued in October 2005.

The significant risks facing the Company, along with the internal controls operated by the Manager, have been reviewed by the Board. The particular focus of the review was on ensuring that the internal controls operated by the Manager continued to mitigate these significant risks in a manner which was satisfactory to the Board.

The Board will continue to conduct half-yearly reviews based on "by-exception" reports provided by the Manager.

In summary, the Company's system of internal controls involves the following key elements:

- the Manager prepares management accounts which provide the Board with a regular overview of the progress and performance of the Company and its investment portfolio,
- all investment decisions are approved by the Manager's investment team and communicated to the Board at Board meetings held at least four times a year,
- the Manager monitors the qualifying status of each qualifying holding in conjunction with PwC who report to the Board annually on the Company's VCT status (with an interim monitoring report being provided to the Board by the Manager) and advise on each investment proposal as appropriate, and
- the Manager continuously monitors the Company's progress and promptly informs the Board of any material developments as and when they occur.

The Board believes that the above procedures represent a sound system of internal control for the safeguarding of the Shareholders' investment and the Company's assets.

It should be noted, however, that this system of internal control is designed to manage rather than eliminate the risk of failure to achieve the Company's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

8. Internal Audit Function

The Company does not have an internal audit function. The Board believes that such a function is not necessary, given the systems and procedures of the Manager together with the VCT monitoring services provided by PwC.

9. Authority to Make Market Purchases of Shares

By a special resolution of the Company passed at an AGM of the Company held on 14 May 2012, the Company was generally and unconditionally authorised pursuant to section 701 of the Act to make one or more market purchases (as defined in section 693 of the Act) of up to 14.99% of the issued Ordinary Share capital, up to 14.99% of the issued C Share capital, up to 14.99% of the issued D Share capital, up to 14.99% of the issued E Share capital, up to 14.99% of the issued F Share capital and up to 14.99% of the issued G Share capital. A similar resolution in relation to the H Shares was passed by the Company on 29 January 2013.

The price paid must not be less than 1p per Share nor more than the net asset value per Share nor more than 5% above the average of the middle market quotation for a Share in the Company taken from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which such Shares are purchased.

The authority expires on the earlier of 15 months from the passing of the resolution on 14 May 2012 and the conclusion of the 2013 AGM. Renewal of the authority will be sought at that meeting.

10. Share Capital

Details of the Company's Share capital and substantial shareholdings can be found in the Directors' Report on pages 9 to 12.

CORPORATE GOVERNANCE REPORT (CONTINUED)

11. Going Concern

Under the Code the Directors are required to satisfy themselves that it is reasonable to presume the Company is a going concern

After making enquiries, and on the strength of its Balance Sheet, the Directors are of the opinion that the Company has adequate resources to continue its operational activities for the foreseeable future. The Board is therefore of the opinion that the going concern basis should be adopted in the preparation of the financial statements.

12. Auditor Independence

The audit committee and Board regularly review and monitor the independence and effectiveness of the Company's auditor, Grant Thornton UK LLP. Grant Thornton UK LLP provided non-audit services to the Company during the Reporting Period regarding accounting advice (2011 non-audit services regarding accounting advice). The audit committee and Board do not believe this would jeopardise the objectivity and independence of the auditor as the engagement was routine in nature and was not significant in the context of the audit fee.

INGENIOUS ENTERTAINMENT VCT 1

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INGENIOUS ENTERTAINMENT VCT 1 PLC

We have audited the financial statements of Ingenious Entertainment VCT 1 plc for the year ended 31 December 2012 which comprise the Income Statement, the Reconciliation of Movement in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement on pages 11 to 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INGENIOUS ENTERTAINMENT VCT 1 PLC (CONTINUED)

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION (CONTINUED)

Under the Listing Rules, we are required to review

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



Nicholas Page

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

London

9 April 2013

INGENIOUS ENTERTAINMENT VCT 1

INCOME STATEMENT

for the year ended 31 December 2012

	Note	Year ended 31 December 2012			Year ended 31 December 2011		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gain on disposal of investments		-	54	54	-	91	91
Decrease in fair value of investments held		-	(289)	(289)	-	(282)	(282)
Investment income	2	318	-	318	297	-	297
Arrangement fees	3	(39)	-	(39)	(49)	-	(49)
Investment management fees	4	(187)	(187)	(374)	(174)	(174)	(348)
Other expenses	5	(204)	-	(204)	(174)	-	(174)
Loss on ordinary activities before taxation		(112)	(422)	(534)	(100)	(365)	(465)
Tax on ordinary activities	6	-	-	-	-	-	-
Loss attributable to equity Shareholders		(112)	(422)	(534)	(100)	(365)	(465)
Basic and diluted return per share (pence)							
Ordinary Share	7	1.2	(2.5)	(1.3)	1.2	(2.6)	(1.4)
C Share	7	(0.6)	(2.0)	(2.6)	(1.0)	(2.0)	(3.0)
D Share	7	(0.8)	(1.7)	(2.5)	(1.3)	(0.6)	(1.9)
E Share	7	(1.6)	(0.4)	(2.0)	(3.1)	(0.3)	(3.4)
F Share	7	(2.1)	1.1	(1.0)	(3.3)	0.2	(3.1)
G Share	7	(3.6)	-	(3.6)	-	-	-

The Company has no recognised gains and losses other than those disclosed above

The total column is the Income Statement of the Company for the year. The supplementary capital and revenue columns are prepared following guidance published by the Association of Investment Companies (AIC)

All operations are considered to be continuing

The accompanying notes form an integral part of these financial statements

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

for the year ended 31 December 2012

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Opening Shareholders' funds	20,340	17,569
Capital subscribed	3,518	4,418
Issue costs	(155)	(194)
Dividends	(1,209)	(988)
Loss for the year	(534)	(465)
Closing Shareholders' funds	21,960	20,340

INGENIOUS ENTERTAINMENT VCT 1

NON-STATUTORY ANALYSIS BETWEEN THE ORDINARY, C, D, E, F AND G SHARE FUNDS (UNAUDITED) INCOME STATEMENT

for the year ended 31 December 2012

	Ordinary Shares			C Shares		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gain on disposal of investments	-	11	11	-	3	3
Decrease in fair value of investments held	-	(201)	(201)	-	(42)	(42)
Investment income	246	-	246	29	-	29
Arrangement fees	-	-	-	-	-	-
Investment management fees	(69)	(69)	(138)	(18)	(18)	(36)
Other expenses	(57)	-	(57)	(27)	-	(27)
Profit/(loss) on ordinary activities before taxation	120	(259)	(139)	(16)	(57)	(73)
Tax on ordinary activities	-	-	-	-	-	-
Profit/(loss) attributable to equity Shareholders	120	(259)	(139)	(16)	(57)	(73)
Basic and diluted return per share (pence)	1.2	(2.5)	(1.3)	(0.6)	(2.0)	(2.6)

	D Shares			E Shares		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gain on disposal of investments	-	31	31	-	4	4
(Decrease)/increase in fair value of investments held	-	(96)	(96)	-	7	7
Investment income	40	-	40	1	-	1
Arrangement fees	-	-	-	-	-	-
Investment management fees	(48)	(48)	(96)	(22)	(22)	(44)
Other expenses	(48)	-	(48)	(24)	-	(24)
Loss on ordinary activities before taxation	(56)	(113)	(169)	(45)	(11)	(56)
Tax on ordinary activities	-	-	-	-	-	-
Loss attributable to equity Shareholders	(56)	(113)	(169)	(45)	(11)	(56)
Basic and diluted return per share (pence)	(0.8)	(1.7)	(2.5)	(1.6)	(0.4)	(2.0)

NON-STATUTORY ANALYSIS BETWEEN THE ORDINARY, C, D, E, F AND G SHARE FUNDS (UNAUDITED)
INCOME STATEMENT

for the year ended 31 December 2012

	F Shares			G Shares		
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Gain on disposal of investments	-	5	5	-	-	-
Increase in fair value of investments held	-	24	24	-	19	19
Investment income	1	-	1	1	-	1
Arrangement fees	-	-	-	(39)	-	(39)
Investment management fees	(12)	(12)	(24)	(18)	(18)	(36)
Other expenses	(22)	-	(22)	(26)	-	(26)
(Loss)/profit on ordinary activities before taxation	(33)	17	(16)	(82)	1	(81)
Tax on ordinary activities	-	-	-	-	-	-
(Loss)/profit attributable to equity Shareholders	(33)	17	(16)	(82)	1	(81)
Basic and diluted return per share (pence)	(2.1)	1.1	(1.0)	(3.6)	-	(3.6)

The Share classes have no recognised gains and losses other than those disclosed above

The total column is the Income Statement per Share class for the year. The supplementary capital and revenue columns are prepared following guidance published by the Association of Investment Companies (AIC)

INGENIOUS ENTERTAINMENT VCT 1

NON-STATUTORY ANALYSIS BETWEEN THE ORDINARY, C, D, E, F AND G SHARE FUNDS (UNAUDITED) INCOME STATEMENT

for the year ended 31 December 2011

	Ordinary Shares			C Shares		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gain on disposal of investments	-	55	55	-	16	16
Decrease in fair value of investments held	-	(245)	(245)	-	(53)	(53)
Investment income	257	-	257	24	-	24
Arrangement fees	-	-	-	-	-	-
Investment management fees	(74)	(74)	(148)	(20)	(20)	(40)
Other expenses	(63)	-	(63)	(31)	-	(31)
Profit/(loss) on ordinary activities before taxation	120	(264)	(144)	(27)	(57)	(84)
Tax on ordinary activities	-	-	-	-	-	-
Profit/(loss) attributable to equity Shareholders	120	(264)	(144)	(27)	(57)	(84)
Basic and diluted return per share (pence)	1.2	(2.6)	(1.4)	(1.0)	(2.0)	(3.0)

	D Shares			E Shares		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gain on disposal of investments	-	18	18	-	2	2
(Decrease)/increase in fair value of investments held	-	(3)	(3)	-	8	8
Investment income	16	-	16	-	-	-
Arrangement fees	-	-	-	(32)	-	(32)
Investment management fees	(54)	(54)	(108)	(17)	(17)	(34)
Other expenses	(51)	-	(51)	(16)	-	(16)
Loss on ordinary activities before taxation	(89)	(39)	(128)	(65)	(7)	(72)
Tax on ordinary activities	-	-	-	-	-	-
Loss attributable to equity Shareholders	(89)	(39)	(128)	(65)	(7)	(72)
Basic and diluted return per share (pence)	(1.3)	(0.6)	(1.9)	(3.1)	(0.3)	(3.4)

NON-STATUTORY ANALYSIS BETWEEN THE ORDINARY, C, D, E, F AND G SHARE FUNDS (UNAUDITED)
INCOME STATEMENT

for the year ended 31 December 2011

	F Shares			G Shares		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gain on disposal of investments	-	-	-	-	-	-
Increase in fair value of investments held	-	11	11	-	-	-
Investment income	-	-	-	-	-	-
Arrangement fees	(17)	-	(17)	-	-	-
Investment management fees	(9)	(9)	(18)	-	-	-
Other expenses	(13)	-	(13)	-	-	-
(Loss)/profit on ordinary activities before taxation	(39)	2	(37)	-	-	-
Tax on ordinary activities	-	-	-	-	-	-
(Loss)/profit attributable to equity Shareholders	(39)	2	(37)	-	-	-
Basic and diluted return per share (pence)	(3.3)	0.2	(3.1)	-	-	-

The Company had no G Shares in issue during the year ended 31 December 2011

The Share classes have no recognised gains and losses other than those disclosed above

The total column is the Income Statement per Share class for the year. The supplementary capital and revenue columns are prepared following guidance published by the Association of Investment Companies (**AIC**)

INGENIOUS ENTERTAINMENT VCT 1

BALANCE SHEET

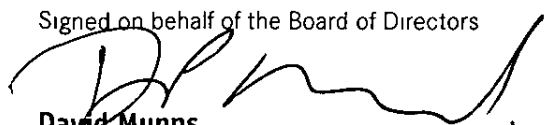
as at 31 December 2012

	Note	31 December 2012 £'000	31 December 2011 £'000
Fixed assets			
Qualifying Investments	8	11,949	10,309
Current assets			
Debtors	10	139	80
Non-qualifying Investments	11	8,734	9,823
Cash at bank and in hand		1,225	181
		10,098	10,084
Creditors: amounts falling due within one year	12	(87)	(53)
Net current assets		10,011	10,031
Net assets		21,960	20,340
Capital and reserves			
Called-up Share capital	13	277	242
Share premium account	14	-	-
Other reserve account	14	23,277	21,158
Capital reserve	14	(775)	(353)
Revenue reserve	14	(819)	(707)
Shareholders' funds		21,960	20,340
Net asset value per Ordinary Share	15	74.8	81.2
Net asset value per C Share	15	68.8	76.4
Net asset value per D Share	15	78.5	86.0
Net asset value per E Share	15	86.1	93.1
Net asset value per F Share	15	87.2	93.3
Net asset value per G Share	15	93.3	-

The accompanying notes form an integral part of these financial statements

The financial statements on pages 25 to 52 were approved by the Board of Directors on 9 April 2013

Signed on behalf of the Board of Directors


David Munns
Chairman

Company Registration Number 6395011 (England & Wales)

INGENIOUS ENTERTAINMENT VCT 1

NON-STATUTORY ANALYSIS BETWEEN THE ORDINARY, C, D, E, F AND G SHARE FUNDS (UNAUDITED) BALANCE SHEET

as at 31 December 2012

	Ordinary Shares £'000	C Shares £'000	D Shares £'000	E Shares £'000	F Shares £'000	G Shares £'000
Fixed assets						
Qualifying Investments	6,314	1,628	3,757	125	125	-
Current assets						
Debtors	139	-	-	-	-	-
Non-qualifying Investments	897	221	1,528	1,845	980	3,263
Cash at bank and in hand	338	89	11	488	272	27
	1,374	310	1,539	2,333	1,252	3,290
Creditors: amounts falling due within one year	(51)	(4)	(11)	(7)	(6)	(8)
Net current assets	1,323	306	1,528	2,326	1,246	3,282
Net assets	7,637	1,934	5,285	2,451	1,371	3,282
Capital and reserves						
Called-up Share capital	102	28	68	28	16	35
Share premium account	-	-	-	-	-	-
Other reserve account	8,101	2,212	5,677	2,551	1,408	3,328
Capital reserve	(471)	(136)	(170)	(18)	19	1
Revenue reserve	(95)	(170)	(290)	(110)	(72)	(82)
Shareholders' funds	7,637	1,934	5,285	2,451	1,371	3,282
Net asset value excluding distributions to date (pence per share)	74.8	68.8	78.5	86.1	87.2	93.3
Net asset value including distributions to date (pence per share)	89.8	83.8	88.5	91.1	92.2	93.3

NON-STATUTORY ANALYSIS BETWEEN THE ORDINARY, C, D, E, F AND G SHARE FUNDS (UNAUDITED)
BALANCE SHEET

as at 31 December 2011

	Ordinary Shares £'000	C Shares £'000	D Shares £'000	E Shares £'000	F Shares £'000	G Shares £'000
Fixed assets						
Qualifying Investments	6,632	1,727	1,700	125	125	-
Current assets						
Debtors	80	-	-	-	-	-
Non-qualifying Investments	1,588	374	4,090	2,478	1,293	-
Cash at bank and in hand	21	51	8	51	50	-
	1,689	425	4,098	2,529	1,343	-
Creditors: amounts falling due within one year	(35)	(4)	(7)	(5)	(2)	-
Net current assets	1,654	421	4,091	2,524	1,341	-
Net assets	8,286	2,148	5,791	2,649	1,466	-
Capital and reserves						
Called-up Share capital	102	28	68	28	16	-
Share premium account	-	-	-	-	-	-
Other reserve account	8,611	2,353	6,014	2,693	1,487	-
Capital reserve	(212)	(79)	(57)	(7)	2	-
Revenue reserve	(215)	(154)	(234)	(65)	(39)	-
Shareholders' funds	8,286	2,148	5,791	2,649	1,466	-
Net asset value excluding distributions to date (pence per share)	81 2	76 4	86 0	93 1	93 3	-
Net asset value including distributions to date (pence per share)	91 2	86 4	91 0	93 1	93 3	-

The Company had no G Shares in issue during the year ended 31 December 2011

INGENIOUS ENTERTAINMENT VCT 1

NON-STATUTORY ANALYSIS BETWEEN THE ORDINARY, C, D, E, F AND G SHARE FUNDS RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS (UNAUDITED)

for the year ended 31 December 2012

	Ordinary Shares £'000	C Shares £'000	D Shares £'000	E Shares £'000	F Shares £'000	G Shares £'000
Opening Shareholders' funds	8,286	2,148	5,791	2,649	1,466	-
Capital subscribed	-	-	-	-	-	3,518
Issue costs	-	-	-	-	-	(155)
Dividends	(510)	(141)	(337)	(142)	(79)	-
Loss for the year	(139)	(73)	(169)	(56)	(16)	(81)
Closing Shareholders' funds	7,637	1,934	5,285	2,451	1,371	3,282

NON-STATUTORY ANALYSIS BETWEEN THE ORDINARY, C, D, E, F AND G SHARE FUNDS RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS (UNAUDITED)

for the year ended 31 December 2011

	Ordinary Shares £'000	C Shares £'000	D Shares £'000	E Shares £'000	F Shares £'000	G Shares £'000
Opening Shareholders' funds	8,940	2,373	6,256	-	-	-
Capital subscribed	-	-	-	2,846	1,572	-
Issue costs	-	-	-	(125)	(69)	-
Dividends	(510)	(141)	(337)	-	-	-
Loss for the year	(144)	(84)	(128)	(72)	(37)	-
Closing Shareholders' funds	8,286	2,148	5,791	2,649	1,466	-

CASH FLOW STATEMENT

for the year ended 31 December 2012

	Note	31 December 2012 £'000	31 December 2011 £'000
Net cash flow from operating activities		(545)	(477)
Financial investment			
Purchase of Qualifying Investments	8	(2,100)	(2,750)
Return of Qualifying Investments	8	400	119
Net cash flow from financial investment		(1,700)	(2,631)
Management of liquid resources			
Purchase of Non-qualifying Investments	11	(3,389)	(6,999)
Disposal of Non-qualifying Investments	11	4,524	6,903
Net cash flow from liquid resources		1,135	(96)
Financing			
Issue of Shares		3,518	4,418
Issue costs of Shares	14	(155)	(194)
Net cash flow from financing		3,363	4,224
Dividends			
Payment of dividends	14	(1,209)	(988)
Net cash flow from dividends		(1,209)	(988)
Increase in cash		1,044	32
Reconciliation of loss before taxation to net cash flow from operating activities			
		2012 £'000	2011 £'000
Loss on ordinary activities before taxation		(534)	(465)
Decrease in fair value of investments held		289	282
Investment income		(275)	(264)
(Increase)/decrease in receivables		(59)	1
Increase/(decrease) in payables		34	(31)
Net cash flow from operating activities		(545)	(477)
Reconciliation of net cash flow to movement in net funds			
		2012 £'000	2011 £'000
Increase in cash in the period		1,044	32
(Disposal)/purchase of Non-qualifying investments	11	(1,412)	96
Fair value adjustment on Non-qualifying investments	11	30	(26)
Change in net funds		(338)	102
Net funds at 1 January 2012		10,004	9,902
Net funds at 31 December 2012		9,666	10,004

Net funds comprise cash of £1,225k (31 December 2011 £181k) and Non-qualifying assets, excluding Investment in Investee Companies of £8,441k (31 December 2011 £9,823k)

INGENIOUS ENTERTAINMENT VCT 1

NON-STATUTORY ANALYSIS BETWEEN THE ORDINARY, C, D, E, F AND G SHARE FUNDS (UNAUDITED) CASH FLOW STATEMENT

for the year ended 31 December 2012

	Ordinary Shares £'000	C Shares £'000	D Shares £'000	E Shares £'000	F Shares £'000	G Shares £'000
Net cash flow from operating activities	(187)	(60)	(109)	(61)	(36)	(92)
Financial investment						
Purchase of Qualifying Investments	-	-	(2,100)	-	-	-
Return of Qualifying Investments	315	85	-	-	-	-
Net cash flow from financial investment	315	85	(2,100)	-	-	-
Management of liquid resources						
Purchase of Non-qualifying Investments	-	-	-	-	(145)	(3,244)
Disposal of Non-qualifying Investments	699	154	2,549	640	482	-
Net cash flow from liquid resources	699	154	2,549	640	337	(3,244)
Financing						
Issue of Shares	-	-	-	-	-	3,518
Issue costs of Shares	-	-	-	-	-	(155)
Net cash flow from financing	-	-	-	-	-	3,363
Dividends						
Payment of dividends	(510)	(141)	(337)	(142)	(79)	-
Net cash flow from dividends	(510)	(141)	(337)	(142)	(79)	-
Increase in cash	317	38	3	437	222	27
Reconciliation of loss before taxation to net cash flow from operating activities						
	Ordinary Shares £'000	C Shares £'000	D Shares £'000	E Shares £'000	F Shares £'000	G Shares £'000
Loss on ordinary activities before taxation	(139)	(73)	(169)	(56)	(16)	(81)
Decrease/(increase) in fair value of investments held	201	42	96	(7)	(24)	(19)
Investment income	(206)	(29)	(40)	-	-	-
Increase in receivables	(59)	-	-	-	-	-
Increase in payables	16	-	4	2	4	8
Net cash flow from operating activities	(187)	(60)	(109)	(61)	(36)	(92)

NON-STATUTORY ANALYSIS BETWEEN THE ORDINARY, C, D, E, F AND G SHARE FUNDS (UNAUDITED)
CASH FLOW STATEMENT

for the year ended 31 December 2011

	Ordinary Shares £'000	C Shares £'000	D Shares £'000	E Shares £'000	F Shares £'000	G Shares £'000
Net cash flow from operating activities	(140)	(48)	(168)	(75)	(46)	-
Financial investment						
Purchase of Qualifying Investments	-	(800)	(1,700)	(125)	(125)	-
Return of Qualifying Investments	97	22	-	-	-	-
Net cash flow from financial investment	97	(778)	(1,700)	(125)	(125)	-
Management of liquid resources						
Purchase of Non-qualifying Investments	(1,583)	(372)	(551)	(2,846)	(1,647)	-
Disposal of Non-qualifying Investments	2,084	1,355	2,723	376	365	-
Net cash flow from liquid resources	501	983	2,172	(2,470)	(1,282)	-
Financing						
Issue of Shares	-	-	-	2,846	1,572	-
Issue costs of Shares	-	-	-	(125)	(69)	-
Net cash flow from financing	-	-	-	2,721	1,503	-
Dividends						
Payment of dividends	(510)	(141)	(337)	-	-	-
Net cash flow from dividends	(510)	(141)	(337)	-	-	-
(Decrease)/increase in cash	(52)	16	(33)	51	50	-
Reconciliation of loss before taxation to net cash flow from operating activities						
	Ordinary Shares £'000	C Shares £'000	D Shares £'000	E Shares £'000	F Shares £'000	G Shares £'000
Loss on ordinary activities before taxation	(144)	(84)	(128)	(72)	(37)	-
Decrease/(increase) in fair value of investments held	245	53	3	(8)	(11)	-
Investment income	(230)	(18)	(16)	-	-	-
(Increase)/decrease in receivables	(21)	-	22	-	-	-
Increase/(decrease) in payables	10	1	(49)	5	2	-
Net cash flow from operating activities	(140)	(48)	(168)	(75)	(46)	-

INGENIOUS ENTERTAINMENT VCT 1

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012

1. Accounting Policies

a) Basis of Accounting

The financial statements for the Reporting Period have been prepared in compliance with UK Generally Accepted Accounting Practice, and with the Statement of Recommended Practice (the **SORP**) entitled "Financial Statements of Investment Trust Companies and Venture Capital Trusts" (with the exception of paragraph 80 of the SORP regarding detailed disclosure of financial and operational performance of the Company's unquoted investments due to their confidential nature) which was issued in January 2009

The comparative figures are for the year 1 January 2011 to 31 December 2011

The financial statements have been prepared on a going concern basis under the historical cost convention, except for the measurement at fair value for investments. The principal accounting policies have remained unchanged from those set out in the Company's 2011 Annual Report and Accounts

b) Valuation of Investments

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. As set out in the Prospectus all investments are designated at fair value

International Private Equity and Venture Capital Valuation Guidelines

Unquoted investments, including equity and loan investments, are designated at fair value through profit and loss and are valued in accordance with the International Private Equity and Venture Capital Guidelines and Financial Reporting Standard 26 "Financial Instruments: Recognition and Measurement" (**FRS 26**). Investments are initially recognised at cost. The investments are subsequently re-measured at fair value, as estimated by the Directors. Investment holding gains or losses arising from the revaluation of investments are taken directly to the Income Statement. Fair value is determined as follows:

- Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction
- In estimating the fair value for an investment, the Manager will apply a methodology that is appropriate in light of the nature, facts and circumstances of the investment and its materiality in the context of the total investment portfolio and will use reasonable assumptions and estimations
- An appropriate methodology incorporates available information about all factors that are likely to materially affect the fair value of the investment. The valuation methodologies are applied consistently from period to period, except where a change would result in a better estimate of fair value. Any changes in valuation methodologies will be clearly disclosed in the financial statements

The most widely used methodologies are listed below. In assessing which methodology is appropriate, the Directors are predisposed towards those methodologies that draw upon market-based measures of risk and return:

- Price of recent investment
- Discounted cash flows/earnings multiple
- Net assets
- Available market prices

Of these the two methodologies most applicable to the Company's investments are:

1 - Price of recent investment

Where the investment being valued was made recently, its cost will generally provide a good indication of value. It is generally considered that this would only apply for a limited period, in practice a period up to the start of the first live event or entertainment content which forms the investment is often applied as the long stop date for such a valuation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2012

1. Accounting Policies (continued)**b) Valuation of Investments (continued)****2 - Discounted cash flows/earnings of the underlying business**

Investments can be valued by calculating the net present value of expected future cashflows of the Investee Companies. In relation to the Company's investments, anticipating future cashflows in excess of the guaranteed amounts would clearly require highly subjective judgements to be made in the early stage of each investment and therefore would not be an appropriate methodology to apply in the early stage of the investment.

In the period prior to the second live event or entertainment content it is considered appropriate to use the price paid for the recent investment as the latest available information. Thereafter, the portfolio of investments is fair valued on the discounted cash flow/earnings basis using the latest available information on the performance of the live event or entertainment content. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the Income Statement in the period in which they arise.

As a result of the above basis of valuation, there is significant judgement associated with the valuation of investments.

Non-qualifying Investments - OEICs

The Company's Non-qualifying Investments in interest bearing money market OEICs are valued at fair value which is mid price. They have been designated as fair value through profit or loss for the purposes of FRS 26.

Gains and losses arising from changes in fair value of Qualifying and Non-qualifying Investments are recognised as part of the capital return within the Income Statement and allocated to the realised or unrealised capital reserve as appropriate. Transaction costs attributable to the acquisition or disposal of investments are charged to capital within the Income Statement.

c) Investment Income

Interest income is recognised in the Income Statement under the effective interest method. The effective interest rate is the rate required to discount the expected future income streams over the life of the loan to its initial carrying amount. The main impact for the Company in that regard is the accounting treatment of the loan note premiums. Where those loan note premiums are charged in lieu of higher interest then they are credited to income over the life of the advance to the extent those premiums are anticipated to be collected.

d) Dividend Income

Dividend income is recognised in the Income Statement once it is declared by the Investee Companies.

e) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged to the revenue account within the Income Statement except that:

- expenses which are incidental to the acquisition or disposal of an investment are charged to capital in the Income Statement as incurred,
- expenses are split and presented partly as capital items where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated, and
- the management fee has been allocated 50% to revenue and 50% to capital, which represents the split of the Company's long term returns.

General expenses are paid for by the Ordinary Share class and recharged on a quarterly basis to the other Share classes based on the proportional net asset value per Share class as at the last day of the previous quarter.

INGENIOUS ENTERTAINMENT VCT 1

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2012

1. Accounting Policies (continued)

f) Deferred Taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date where transactions or events that result in an obligation to pay more, or a 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 underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent periods.

g) Ordinary Shares, C Shares, D Shares, E Shares, F Shares, G Shares and H Shares

The Company has seven classes of Shares: Ordinary Shares, C Shares, D Shares, E Shares, F Shares, G Shares and H Shares. Each Share class has a separate pool of income and expenses as well as assets and liabilities attributable to it. All Share classes rank par passu with each other in terms of voting and other rights. No H Shares had been allotted as at 31 December 2012.

2. Investment Income

	2012 £'000	2011 £'000
Bank deposit interest	1	1
Dividend income from Qualifying Investments	-	10
Loan note interest from Qualifying Investments	42	17
Loan note premium from Qualifying Investments (note 8)	275	269
	318	297

3. Arrangement Fees

	2012 £'000	2011 £'000
Arrangement fees	39	49

All costs arising out of the relevant G Share Offer (included in 2012), and E and F Share Offers (included in 2011), including listing expenses and commissions, were incurred by Ingenious Media Investments Limited (**IMIL**) and a fee of 5.5% of the gross proceeds of the relevant Offer was paid in consideration of the service provided. The Directors believe that 80% of these fees relate directly to the raising of capital and have classified this proportion as issue costs. In accordance with Company law, the issue costs have been deducted from the Share premium account. The remaining 20% reflected above has been taken to revenue.

4. Investment Management Fees

	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000	2011 Revenue £'000	2011 Capital £'000	2011 Total £'000
Investment management fees	187	187	374	174	174	348

For the purposes of the revenue and capital columns in the Income Statement, the management fee has been allocated 50% to revenue and 50% to capital, which represents the split of the Company's long term returns.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2012

5. Other Expenses

	2012	2012	2012	2011	2011	2011
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Directors' remuneration (excluding employer's national insurance)	38	-	38	38	-	38
Auditor's remuneration						
- Audit fees	14	-	14	13	-	13
- Non-audit fees	1	-	1	4	-	4
Legal and professional fees	21	-	21	10	-	10
Other administration expense	124	-	124	108	-	108
Irrecoverable VAT	6	-	6	1	-	1
	204	-	204	174	-	174

The Company is not registered for VAT. Fees payable to the Company's auditor for the audit of the Company's financial statements are £14k (31 December 2011: £13k) excluding VAT. Non-audit fees in 2012 and 2011 related to accounting advice. Further details on the Directors' fee disclosures are given in the Directors' Remuneration Report on pages 16 to 18.

6. Tax Charge on Ordinary Activities

	2012	2012	2012	2011	2011	2011
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Loss on ordinary activities before tax	(112)	(422)	(534)	(100)	(365)	(465)
Loss on ordinary activities by tax rate 24.5% (31 December 2011: 26.5%)	(27)	(103)	(130)	(27)	(97)	(124)
Adjustments						
Non-taxable losses on investments	-	57	57	-	51	51
Disallowed expenses	4	46	50	1	46	47
Unutilised losses for the current year	23	-	23	29	-	29
UK dividends not taxable	-	-	-	(3)	-	(3)
	-	-	-	-	-	-

As the Company is a VCT its capital gains are not taxable.

At 31 December 2012 the Company had surplus management expenses of £806k (31 December 2011: £710k). A deferred tax asset has not been recognised in respect of these surplus management expenses as the future taxable income of the Company cannot be predicted with reasonable certainty. Due to the Company's status as a VCT, and the intention to continue meeting the conditions required to obtain approval in the foreseeable future the Company does not recognise deferred tax on any capital gains or losses which arise on the revaluation of investments.

INGENIOUS ENTERTAINMENT VCT 1

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2012

7. Basic and Diluted Return per Share

Ordinary Shares	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000	2011 Revenue £'000	2011 Capital £'000	2011 Total £'000
Profit/(loss) on ordinary activities after taxation	120	(259)	(139)	120	(264)	(144)
Weighted average Shares in issue (number)	10,205,011	10,205,011	10,205,011	10,205,011	10,205,011	10,205,011
Profit/(loss) attributable per Share (pence)	1.2	(2.5)	(1.3)	1.2	(2.6)	(1.4)
C Shares	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000	2011 Revenue £'000	2011 Capital £'000	2011 Total £'000
Loss on ordinary activities after taxation	(16)	(57)	(73)	(27)	(57)	(84)
Weighted average Shares in issue (number)	2,810,596	2,810,596	2,810,596	2,810,596	2,810,596	2,810,596
Loss attributable per Share (pence)	(0.6)	(2.0)	(2.6)	(1.0)	(2.0)	(3.0)
D Shares	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000	2011 Revenue £'000	2011 Capital £'000	2011 Total £'000
Loss on ordinary activities after taxation	(56)	(113)	(169)	(89)	(39)	(128)
Weighted average Shares in issue (number)	6,735,624	6,735,624	6,735,624	6,735,624	6,735,624	6,735,624
Loss attributable per Share (pence)	(0.8)	(1.7)	(2.5)	(1.3)	(0.6)	(1.9)
E Shares	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000	2011 Revenue £'000	2011 Capital £'000	2011 Total £'000
Loss on ordinary activities after taxation	(45)	(11)	(56)	(65)	(7)	(72)
Weighted average Shares in issue (number)	2,846,122	2,846,122	2,846,122	2,123,163	2,123,163	2,123,163
Loss attributable per Share (pence)	(1.6)	(0.4)	(2.0)	(3.1)	(0.3)	(3.4)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2012

7. Basic and Diluted Return per Share (continued)

F Shares	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000	2011 Revenue £'000	2011 Capital £'000	2011 Total £'000
(Loss)/profit on ordinary activities after taxation	(33)	17	(16)	(39)	2	(37)
Weighted average Shares in issue (number)	1,572,095	1,572,095	1,572,095	1,184,388	1,184,388	1,184,388
(Loss)/profit attributable per Share (pence)	(2.1)	1.1	(1.0)	(3.3)	0.2	(3.1)

G Shares	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000	2011 Revenue £'000	2011 Capital £'000	2011 Total £'000
(Loss)/profit on ordinary activities after taxation	(82)	1	(81)	-	-	-
Weighted average Shares in issue (number)	2,302,126	2,302,126	2,302,126	-	-	-
Loss attributable per Share (pence)	(3.6)	-	(3.6)	-	-	-

There are no dilutive potential Ordinary, C, D, E, F or G Shares, including convertible instruments, options or contingent share agreements in issue for the Company. The basic return per Share is therefore the same as the diluted return per Share.

8. Fixed Asset Investments

	2012 £'000	2011 £'000
Unquoted investments	11,949	10,309
Equity shares	2,884	2,733
Unsecured loan notes	9,065	7,576
	11,949	10,309

Qualifying Investments

	2012 £'000	2011 £'000
Opening valuation	10,309	7,670
Purchases at cost	2,100	2,750
Return of investment	(400)	(119)
Fair value adjustment	(60)	8
Closing valuation	11,949	10,309

Included in the valuation above is an equal and opposite fair value gain and fair value loss amounting to £275k (31 December 2011 £269k). This represents the accounting treatment of the guaranteed loan note premium. The £275k is included in the Income Statement under Investment Income (refer to note 2).

INGENIOUS ENTERTAINMENT VCT 1

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2012

9. Significant Interests

The Company has interests of 10%, or greater, of the nominal value of the allotted shares in the following Investee Companies incorporated in the United Kingdom as at 31 December 2012

Trading Companies	% class and share type	% voting rights
Jetstream Events Limited	24 95% A Ordinary	24 95%
Crystal Star Limited	24 95% A Ordinary	24 95%
Saturn Explosion Limited	16 66% A Ordinary	16 66%
DRG Media Assets Limited	24 95% A Ordinary	24 95%
Dance Floor Limited	24 96% A Ordinary	24 96%
Golfmania Limited	24 96% A Ordinary	24 96%
Into The Groove Limited	24 96% A Ordinary	24 96%
CLS Concerts Limited	16 67% A Ordinary	16 67%
Supervision Media Holdings Limited	10 00% A Ordinary	10 00%
Jongleurs Comedy Live Limited	20 00% A Ordinary	20 00%
Venn Music Ltd	15 00% A Ordinary	15 00%
Titans of Sport Limited	15 00% A Ordinary	15 00%
Love Supreme Festival Limited	12 50% A Ordinary	12 50%
Waxarch Ltd	15 00% A Ordinary	15 00%
Liverpool Sound City Limited	15 00% A Ordinary	15 00%

It is considered that, as permitted by FRS 9, "Associates and Joint Ventures", the above investments are held as part of an investment portfolio, and that, accordingly, their value to the Company lies in their marketable value as part of that portfolio. In view of this, it is not considered that any of the above represents investments in associated undertakings

Dormant Companies	% class and share type	% voting rights
Tremor Events Limited	100% A Ordinary	100%
Diamond Ventures Limited	100% A Ordinary	100%
Callisto Moon Limited	100% A Ordinary	100%
Moda Events Limited	100% A Ordinary	100%
Comedy Carnival Limited (previously Neptune Nine) Limited	100% A Ordinary	100%
Oscar Moment Limited	100% A Ordinary	100%
Saturn Six Limited	100% A Ordinary	100%
Solar Experience Limited	100% A Ordinary	100%
Total Definition Limited	100% A Ordinary	100%

The investments made by the Company are part of its portfolio of investments and the table above includes all portfolio investments

The Company is not required to prepare consolidated accounts as any remaining amounts in the above dormant companies are of no value

10. Debtors

	2012 £'000	2011 £'000
Trade debtors	36	19
Prepayments and accrued income	103	61
	139	80

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2012

11. Current Asset Investments

	2012	2011
	£'000	£'000
Funds held in listed money market OEICs	8,441	9,823
Investment in Investee Companies	293	-
	8,734	9,823

Non-Qualifying Investments

	2012	2011
	£'000	£'000
Opening valuation	9,823	9,753
Purchases at cost – Investment in Investee Companies	277	-
Fair value gain on investment in Investee Companies	16	-
Purchases at cost – listed money market OEICs	3,112	6,999
Disposal proceeds – listed money market OEICs	(4,524)	(6,903)
Unrealised change in value – listed money market OEICs	30	(26)
Closing valuation	8,734	9,823

In order to safeguard the capital available for investment in Qualifying Investments and balance this with the need to provide good returns to investors, available funds from the net proceeds are invested in appropriate securities (money market OEICs) until required for Qualifying Investment purposes

12. Creditors: Amounts Falling Due Within One Year

	2012	2011
	£'000	£'000
Trade creditors	17	24
Accruals and deferred income	70	29
	87	53

13. Called-up Share Capital

	2012	2011
	£'000	£'000
Allotted, called-up and fully paid		
10,205,011 Ordinary Shares 1p each	102	102
2,810,596 C Shares 1p each	28	28
6,735,624 D Shares 1p each	68	68
2,846,122 E Shares 1p each	28	28
1,572,095 F Shares 1p each	16	16
3,518,044 G Shares 1p each	35	-
	277	242

In the current year, 3,518,044 G Shares were issued and allotted in accordance with the terms of the relevant Prospectus. Share issue costs amounted to £194k of which £155k have been set off against the share proceeds.

In the prior year, 2,846,122 E Shares and 1,572,095 F Shares were issued and allotted in accordance with the terms of the relevant Prospectus. Share issue costs amounted to £157k and £86k respectively of which £125k and £69k have been set off against the share proceeds.

In the year ended 31 December 2010, 6,785,624 D Shares were issued and allotted in accordance with the terms of the relevant Prospectus. 6,735,624 D Shares were fully paid at that year end. Share issue costs amounting to £295k have been set off against the share proceeds.

In the year ended 31 December 2009, 2,810,596 C Shares were issued and allotted in accordance with the terms of the relevant Prospectus. Share issue costs amounting to £121k have been set off against the share proceeds.

In the period ended 31 December 2008, 10,205,010 Ordinary Shares were issued and allotted in accordance with the terms of the relevant Prospectus. The one subscriber share created upon incorporation was issued at par. Share issue costs amounting to £448k have been set off against the share proceeds.

INGENIOUS ENTERTAINMENT VCT 1

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2012

13. Called-up Share Capital (continued)

Ordinary Shares, C Shares, D Shares, E Shares, F Shares and G Shares rank par passu with each other in terms of voting and other rights. The entire issued Ordinary, C, D, E, F and G Share capital of the Company has been admitted to the official list maintained by the Financial Services Authority and to trading on the London Stock Exchange.

	Number of G Shares allotted and fully paid	Aggregate value of Share premium allotted £'000	Aggregate Share premium net of issue costs £'000
2 April 2012	2,141,918	2,120	2,026
5 April 2012	614,842	609	582
6 September 2012	761,284	754	720
	3,518,044	3,483	3,328

14. Reserves

	Share premium £'000	Other reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total reserves £'000
At 1 January 2012	-	21,158	(353)	(707)	20,098
Issue of equity	3,483	-	-	-	3,483
Dividends paid	-	(1,209)	-	-	(1,209)
Reduction of Share premium account	(3,328)	3,328	-	-	-
Gain on disposal of investments	-	-	54	-	54
Decrease in fair value of investments held	-	-	(289)	-	(289)
Investment income	-	-	-	318	318
Arrangement fees	(155)	-	-	(39)	(194)
Investment management fees	-	-	(187)	(187)	(374)
Other expenses	-	-	-	(204)	(204)
At 31 December 2012	-	23,277	(775)	(819)	21,683

The capital reserve includes realised investment holding losses of £217k and unrealised investment holding losses of £558k. The other reserve, capital reserve and revenue reserve accounts are the only distributable reserves of the Company.

On 24 February 2012, the Company paid dividends amounting to £510k on Ordinary Shares (11 February 2011 £510k), £141k on C Shares (11 February 2011 £141k) and £337k on D Shares (31 August 2012 £337k). On 1 May 2012, the Company paid dividends amounting to £142k on E Shares (31 December 2011 £Nil) and 79k on F Shares (31 December 2011 £Nil).

15. Net Asset Value Per Share Excluding Distributions to Date

	2012	2011
Net assets attributable to Ordinary Shareholders (£'000)	7,637	8,286
Ordinary Shares in issue (number)	10,205,011	10,205,011
Net asset value per Ordinary Share (pence)	74.8	81.2
	2012	2011
Net assets attributable to C Shareholders (£'000)	1,934	2,148
C Shares in issue (number)	2,810,596	2,810,596
Net asset value per C Share (pence)	68.8	76.4

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2012

15. Net Asset Value Per Share Excluding Distributions to Date (continued)

	2012	2011
Net assets attributable to D Shareholders (£'000)	5,285	5,791
D Shares in issue (number)	6,735,624	6,735,624
Net asset value per D Share (pence)	78.5	86.0

	2012	2011
Net assets attributable to E Shareholders (£'000)	2,451	2,649
E Shares in issue (number)	2,846,122	2,846,122
Net asset value per E Share (pence)	86.1	93.1

	2012	2011
Net assets attributable to F Shareholders (£'000)	1,371	1,466
F Shares in issue (number)	1,572,095	1,572,095
Net asset value per F Share (pence)	87.2	93.3

	2012	2011
Net assets attributable to G Shareholders (£'000)	3,282	-
G Shares in issue (number)	3,518,044	-
Net asset value per G Share (pence)	93.3	-

16. Financial Instruments and Risk Management

The Company's financial instruments comprise equity and floating rate debt investments in unquoted companies, cash balances and listed money market OEICs. The Company holds financial assets in accordance with its investment policy.

Fixed asset investments (see note 8) are valued at fair value. For quoted securities included in current asset Non-qualifying Investments, this is mid price. In respect of unquoted investments, these are fair valued in accordance with the International Private Equity and Venture Capital Valuation Guidelines. The fair value of all other financial assets and liabilities is represented by their carrying value on the Balance Sheet.

Fair Value Hierarchy

		2012 £'000	2011 £'000
Listed money market OEICs (note 11)	Level 1	8,441	9,823
Investment in investee companies (note 11)	Level 3	293	-
Unquoted investments (note 8)	Level 3	11,949	10,309
		20,683	20,132

Level 3 investments include a £52k revaluation gain on Into The Groove Limited, an £89k revaluation gain on Crystal Star Limited, a revaluation loss of £24k on Golfmania Limited, a £54k revaluation loss on Titans of Sport Limited and a £107k write off on Supervision Media Limited during the year.

In accordance with FRS 29, "Financial Instruments: Disclosures", the above table provides an analysis of these investments based on the fair value hierarchy described below which reflects the reliability and significance of the information used to measure their fair value:

- Level 1 - investments with quoted prices in active markets,
- Level 2 - investments whose fair value is based directly on observable market prices or is indirectly drawn from observable market prices, and

INGENIOUS ENTERTAINMENT VCT 1

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2012

16. Financial Instruments and Risk Management (continued)

Fair Value Hierarchy (continued)

- Level 3 - investments whose fair value is determined using a valuation technique based on assumptions that are not supported by observable current market prices or are not based on observable market data

The valuation techniques used by the Company are explained in note 1(b) - Accounting Policies

The effect on the valuation of the Level 3 investments, if the profit multiple element of the valuation method were to change by a factor of one, would be as follows

	31 December 2012 £'000 +/- 1 Profit Multiple	31 December 2011 £'000 +/- 1 Profit Multiple
Impact on loss on ordinary activities for the year before taxation and total equity	106	32

Risk Management

The Company's investing activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The most important types of financial risk to which the Company is exposed are

- Market risk,
- Interest rate risk,
- Credit risk, and
- Liquidity risk

The nature and extent of the financial instruments outstanding at the Balance Sheet date and the risk management policies employed by the Company are discussed below

a) Market Risk

Market risk embodies the potential for both losses and gains and includes interest rate risk and price risk

The Company's strategy on the management of investment risk is driven by the Company's investment objective. Investments in unquoted companies, by their nature, involve a higher degree of risk than investments in larger "blue chip" companies

The risk of loss in value is managed through careful selection in accordance with a formalised investment decision process, with each investment proposal evaluated by the Investment Committee as part of the due diligence stage

The Company's investment policy can be found in the Business Review on pages 13 to 15. The risk is also managed through continuous monitoring of the performance of investments and changes in their risk profile

b) Interest Rate Risk

Some of the Company's financial assets are interest bearing, all of which are at floating rates. As a result, the Company is subject to exposure to interest rate risk due to fluctuations in the prevailing levels of market interest rate

When the Company retains cash balances, the majority of cash is held within interest bearing money market OEICs. This is the Non-qualifying Investments amount on the Balance Sheet of £8,734k (31 December 2011 £9,823k). The benchmark rate which determines the interest payments received on interest bearing cash balances and debt investments in unquoted companies is the bank base rate which was 0.5% as at 31 December 2012 (31 December 2011 0.5%)

The following table illustrates the sensitivity of the impact on ordinary activities for the year before taxation and total equity to a change in interest rates of 50 basis points, with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the Company's Non-qualifying Investments held at each Balance Sheet date. All other variables are held constant.

	31 December 2012 £'000 +/- 50 basis points	31 December 2011 £'000 +/- 50 basis points
Impact on loss on ordinary activities for the year before taxation and total equity	46	49

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2012

16. Financial Instruments and Risk Management (continued)

c) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company

Whilst the Company is exposed to credit risk due to its £9,065k (31 December 2011 £7,576k) unsecured loan note instruments, this risk is mitigated by the Company requiring that minimum royalty arrangements are in place prior to the investment as set out in the Company's investment policy. In addition, and in accordance with the Company's monitoring procedure, the Manager closely monitors progress (including financial expenditure) against the Investee Companies' agreed business plans.

The £9,065k (31 December 2011 £7,576k) unsecured loan notes are the contractually agreed 70% of initial investments.

d) Liquidity Risk

The Company's financial instruments include equity and debt investments in unquoted companies, which are not traded in an organised public market and which generally may be illiquid. As a result, the Company may not be able to liquidate quickly some of its investment in these instruments at an amount close to fair value.

The Company maintains sufficient reserves of cash and readily realisable marketable securities to meet its liquidity requirements at all times. No numerical disclosures have been provided in respect of liquidity risk as this is not considered to be material.

17. Contingent Assets

There is currently interest income accruing on the unsecured loan note instruments at a rate of 4.5% (31 December 2011 4.5%), being 4% over the bank base rate which was 0.5% as at 31 December 2012 (31 December 2011 0.5%), totalling £343k (31 December 2011 £165k). The repayment of this interest is not deemed recoverable based on current profits being derived by the Investee Companies, which currently cannot be determined with any certainty, therefore the Directors have not recognised it in the financial statements.

18. Related Party Transactions

- a) Under an offer agreement dated 14 December 2012 between the Company, Ingenious Entertainment VCT 2 plc, IMIL and Howard Kennedy Corporate Services LLP, the Company and Ingenious Entertainment VCT 2 plc appointed IMIL, a company of which Patrick McKenna is a director, to be the promoter of the H Share Offer. IMIL is a wholly-owned subsidiary within the Ingenious Media Holdings plc group of companies (the **Ingenious Group**) which is controlled by Patrick McKenna and is, therefore, considered a related party to the Company under the Listing Rules. A variable arrangement fee equivalent to an amount of between 0.6288% to 5.5% of the subscription monies of an investor (the relevant percentage depending on the category of the investor) will be paid by the Company to IMIL in consideration for the services provided as promoter, such fees becoming payable upon the allotment of the Shares under that Offer. This disclosure is being made pursuant to the Listing Rules.

During the Reporting Period, the Company paid IMIL a fee of 5.5% of the gross proceeds of the G Share Offer in consideration for services provided as promoter on the G Share Offer, amounting to £194k (31 December 2011 E and F Share fee amounting to £243k in consideration for services provided as promoter of the E and F Share Offers).

- b) Under the G Share Offer, Patrick McKenna, and his wife Margaret, subscribed in aggregate for 235,660 G Shares in the Company. Of these, 65,080 G Shares were applied for by each of Patrick and Margaret on 22 August 2012, and those shares were allotted to each of them on 6 September 2012. Such shares were allotted at an issue price of £1 per share. For the purposes of the Listing Rules, Patrick and his wife are both considered to be related parties of the Company (as Patrick was a director of the Company at the time of the allotment, and as Margaret was his 'associate' by virtue of being his wife). The disclosure in relation to these August 2012 applications is being made pursuant to the requirements of the Listing Rules.
- c) Ingenious Ventures Limited was the Company's investment manager until 28 February 2008, when the investment management agreement was novated to Ingenious Asset Management Limited, and Ingenious Ventures became a trading division of Ingenious Asset Management Limited. Patrick McKenna is a director of Ingenious Asset Management Limited which is a subsidiary within the Ingenious Group, which is controlled by Patrick McKenna.

INGENIOUS ENTERTAINMENT VCT 1

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2012

18. Related Party Transactions (continued)

The Board approved a deed of novation which, with effect from 6 April 2012, novated the management agreement so that Ingenious Capital Management Limited replaced Ingenious Asset Management Limited as Manager to the Company Ingenious Capital Management Limited, trading as Ingenious Ventures, undertakes the same duties as Ingenious Asset Management Limited and, save for the change of name of the Manager, there has been no other change to the terms of the management agreement. The reason for this change was to effect an administrative reorganisation within the Ingenious Group.

The Manager, as per the investment management agreement, receives a management fee of 0.4375% of the net asset value per Share class, payable quarterly in advance. In aggregate, this amounted to £374k as at 31 December 2012 (31 December 2011: £348k). The Manager also charges an administration fee of £90k (31 December 2011: £69k) per annum (adjusted for inflation and additional Share classes, if any) and irrecoverable VAT.

- d) The funds invested in OEICs are managed by Ingenious Asset Management Limited of which Patrick McKenna is a director. Ingenious Asset Management Limited is a subsidiary of the Ingenious Group, which is controlled by Patrick McKenna. There is no fee associated with this transaction.
- e) Patrick McKenna is a director and a shareholder of Ingenious Entertainment VCT 2 plc. The Company and Ingenious Entertainment VCT 2 plc have agreed to invest in an existing company, Waxarch Ltd, to promote the *Field Day Festival*. In November 2012 the Company invested £1 million for a total of 15.00% of the equity in Waxarch Ltd. Ingenious Entertainment VCT 2 plc invested £1 million for 15.00% of the equity in Waxarch Ltd. The investment was made in the D Share class.
- f) Patrick McKenna is a director and a shareholder of Ingenious Entertainment VCT 2 plc. The Company and Ingenious Entertainment VCT 2 plc have agreed to invest in an existing company, Liverpool Sound City Limited, to promote a new music concept called *Sound City*. In March 2012 the Company invested £600k for a total of 15.00% of the equity in Liverpool Sound City Limited. Ingenious Entertainment VCT 2 plc invested £600k for 15.00% of the equity in Liverpool Sound City Limited. The investment was made in the D Share class.
- g) Patrick McKenna is a director and a shareholder of Ingenious Entertainment VCT 2 plc. The Company and Ingenious Entertainment VCT 2 plc have agreed to further invest in an existing company, Venn Music Ltd, to promote an existing music festival called *Shakedown Festival*. In December 2012 the Company invested £500k in Venn Music Ltd. Ingenious Entertainment VCT 2 plc invested £500k in Venn Music Ltd. The investment was made in the D Share class.

During the year the Company has entered into transactions with the above-mentioned related parties in the normal course of business and on an arm's length basis as listed in the table below.

Entity	Note	2012 Expenditure paid £'000	2012 Amounts due £'000	2011 Expenditure paid £'000	2011 Amounts due £'000
Ingenious Media Investments Limited					
- Arrangement fee	a	194	-	243	-
Ingenious Asset Management Limited					
- Investment management fee	c	55	-	348	-
- Administration fee	c	12	-	69	-
- Irrecoverable VAT		-	-	4	-
Ingenious Capital Management Limited					
- Investment management fee	c	319	-	-	-
- Administration fee	c	78	-	-	-
- Irrecoverable VAT		-	6	-	-

Transactions Between Related Parties

Ingenious Media Consulting Limited, a company which is a wholly-owned subsidiary in the Ingenious Group, which is controlled by Patrick McKenna, has entered into consultancy agreements with each of the Company's Investee Companies to provide management services. For the provision of such services, consulting fees totalling £116k excluding VAT (31 December 2011: £172k), have been invoiced to the Investee Companies in the period of which £24k remained outstanding as at 31 December 2012 (31 December 2011: £50k).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2012

19. Events After the Balance Sheet Date

- a) The Company declared an interim dividend of 20.0 pence per Ordinary Share on 30 January 2013 (2012: 5.0 pence). The dividend was paid on 28 February 2013 by way of a capital distribution reducing the Company's other reserves.
- b) The Company declared an interim dividend of 5.0 pence per C Share on 30 January 2013 (2012: 5.0 pence). The dividend was paid on 28 February 2013 by way of a capital distribution reducing the Company's other reserves.
- c) The Company declared an interim dividend of 5.0 pence per D Share on 30 January 2013 (2012: 5.0 pence). The dividend was paid on 28 February 2013 by way of a capital distribution reducing the Company's other reserves.
- d) The Company declared an interim dividend of 5.0 pence per E Share on 30 January 2013 (2012: 5.0 pence). The dividend was paid on 28 February 2013 by way of a capital distribution reducing the Company's other reserves.
- e) The Company declared an interim dividend of 5.0 pence per F Share on 30 January 2013 (2012: 5.0 pence). The dividend was paid on 28 February 2013 by way of a capital distribution reducing the Company's other reserves.
- f) The Company allotted 1,735,921 H Shares on 5 April 2013. The H Share Offer is open for subscription until 30 August 2013.
- g) On 4 April 2013, Patrick McKenna applied for, in aggregate, 69,840 H Shares in the Company and Ingenious Entertainment VCT 2 plc under the H Share Offer. Further to this, 34,920 H Shares in the Company were allotted to him at an issue price of £1 per Share (together with a further 1,047 H Shares as waiver shares pursuant to the terms of the H Share Offer). For the purposes of the Listing Rules, Patrick is considered to be a related party of the Company (as he was a Director of the Company at the time of the allotment). The disclosure in relation to this application is made pursuant to the requirements of the Listing Rules.
- h) In January 2013 the Directors agreed, in principle, to sell the Company's investments in the *Rewind Festival* and *Rewind North* to the event co-promoter (the Rival Organisation), contingent upon the co-promoter selling the whole of the *Rewind* brand to a third party (Impresario Festivals plc). Both transactions were based upon the same overall valuation of *Rewind* and the deal completed on 22 March 2013.

20. Capital Management

The capital management objectives of the Company are

- To safeguard its ability to continue as a going concern so that it can continue to provide returns to Shareholders
- To ensure sufficient liquid resources are available to meet the funding requirements of its investments and to fund new investments where identified

The Company has no external debt, consequently all capital is represented by the value of Share capital, distributable and other reserves. Total Shareholder equity at 31 December 2012 was £21,960k (31 December 2011: £20,340k).

In order to maintain or adjust its capital structure the Company may adjust the amount of dividends paid to the Shareholders, return capital to Shareholders, issue new shares or sell assets.

There have been no changes to the capital management objectives of the business from the previous period.

The capital structure of the Company was changed by the issue of G Shares (see note 13) during the year.

The Company is subject to the following externally imposed capital requirements:

- As a public company Ingenious Entertainment VCT 1 plc must have a minimum of £50k of Share capital.

The level of dividends may be influenced by the need to comply with the VCT legislation which states that no more than 15% of income from shares and securities may be retained.

INGENIOUS ENTERTAINMENT VCT 1

SHAREHOLDER INFORMATION

1. Share Price

With the exception of the H Shares, all of the Shares have been admitted to trading on the LSE. The H Shares will be admitted shortly after allotment.

2. Share Trading

Shares can be bought and sold in the same way as any other quoted company on the LSE via a stockbroker. Selling your Shares may have tax consequences. You should contact your financial adviser if you are in any doubt as to such potential consequences.

3. Share Buy-Backs

The Company's share buy-back policy for the next financial year is set out on pages 54 to 57 but is subject to resolutions 6 to 12 as set out in the Notice being adopted at the AGM.

The Company is unable to buy-back Shares directly from a Shareholder. Share buy-backs must therefore be conducted through a Shareholder's stockbroker. The Manager is able to provide details of periods when the Company is prohibited from buying-back Shares from Shareholders under the Listing Rules.

4. Change of Shareholder Address

Communications with Shareholders are sent to the registered address held on the register of members. In the event of a change of address or any other relevant amendments, please notify the Company's registrar, SLC, under the signature of the registered holder of the Shares in question.

5. Investor Relations

The Company and the Manager are committed to maintaining excellent investor relations. Therefore, if you have any questions about the Company's progress please contact the Manager or your usual Ingenious contact.

Paul Bedford

Tel +44 (0) 207 319 4000

Fax +44 (0) 207 319 4076

Email enquiries@ingeniousmedia.co.uk

Please note that neither the Manager nor your usual Ingenious contact can provide you with any investment, tax, legal or other advice in relation to your Shares.

NOTICE OF ANNUAL GENERAL MEETING

INGENIOUS ENTERTAINMENT VCT 1 PLC

(Incorporated in England and Wales under the Companies Act 1985 with registered number 06395011)

(the **Company**)

NOTICE IS HEREBY GIVEN THAT the fifth Annual General Meeting (the **AGM**) of Ingenious Entertainment VCT 1 plc will be held at 4 30pm on Tuesday 14 May 2013 at 15 Golden Square, London W1F 9JG for the following purposes

To consider and, if thought fit, pass resolutions 1 to 5 and 13 to 14 as ordinary resolutions and resolutions 6 to 12 as special resolutions

Annual Report and Accounts

- 1 To receive and consider the Company's Annual Report and Accounts for the year ended 31 December 2012

Directors' Remuneration Report

- 2 THAT the Directors' Remuneration Report for the year ended 31 December 2012 be and is hereby approved

Re-election of Directors

- 3 THAT David Munns, who retires, be and is hereby re-elected as a non-executive director
- 4 THAT Keith Turner, who retires, be and is hereby re-elected as a non-executive director
- 5 THAT Patrick McKenna, who retires, be and is hereby re-elected as a non-executive director in accordance with Listing Rule 15.2.13A

Share Buy-Backs

- 6 THAT the Company be and is hereby generally and unconditionally authorised pursuant to section 701 of the Companies Act 2006 (the **Act**) to make one or more market purchases (as defined in section 693 of the Act) of Ordinary Shares of 1p each in the capital of the Company (the **Ordinary Shares**) on such terms and in such manner as the Directors may determine *provided that*
 - (a) such market purchases shall comply with UK Listing Authority and HMRC requirements,
 - (b) the aggregate maximum number of Ordinary Shares authorised to be purchased pursuant to this resolution shall not exceed 14.99% of the issued Ordinary Share capital of the Company as immediately prior to the passing of this resolution,
 - (c) the price paid shall not be
 - (i) less than 1p per Ordinary Share,
 - (ii) more than 5% above the average of the middle market quotation for an Ordinary Share taken from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which such Shares are purchased,
 - (iii) more than the net asset value per Ordinary Share,the maximum and minimum prices being exclusive of expenses (including stamp duty), and
 - (d) this authority, unless renewed or revoked prior to such time shall expire on the earlier of 15 months from the passing of this resolution and the conclusion of the Company's next AGM. The Company may, before the expiry of such authority, conclude contracts to purchase Ordinary Shares which will or may be completed wholly or partly after the expiry of such authority and may make purchases of Ordinary Shares in pursuance of any such contracts as if the authority hereby conferred had not expired
- 7 THAT the Company be and is hereby generally and unconditionally authorised pursuant to section 701 of the Act to make one or more market purchases (as defined in section 693 of the Act) of C Ordinary Shares of 1p each in the capital of the Company (the **C Ordinary Shares**) on such terms and in such manner as the Directors may determine *provided that*
 - (a) such market purchases shall comply with UK Listing Authority and HMRC requirements,
 - (b) the aggregate maximum number of C Ordinary Shares authorised to be purchased pursuant to this resolution shall not exceed 14.99% of the issued C Ordinary Share capital of the Company as immediately prior to the passing of this resolution,
 - (c) the price paid shall not be
 - (i) less than 1p per C Ordinary Share,
 - (ii) more than 5% above the average of the middle market quotation for a C Ordinary Share taken from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which such Shares are purchased,

INGENIOUS ENTERTAINMENT VCT 1

- (iii) more than the net asset value per C Ordinary Share,
the maximum and minimum prices being exclusive of expenses (including stamp duty), and
 - (d) this authority, unless renewed or revoked prior to such time shall expire on the earlier of 15 months from the passing of this resolution and the conclusion of the Company's next AGM. The Company may, before the expiry of such authority, conclude contracts to purchase C Ordinary Shares which will or may be completed wholly or partly after the expiry of such authority and may make purchases of C Ordinary Shares in pursuance of any such contracts as if the authority hereby conferred had not expired
- 8 THAT the Company be and is hereby generally and unconditionally authorised pursuant to section 701 of the Act to make one or more market purchases (as defined in section 693 of the Act) of D Ordinary Shares of 1p each in the capital of the Company (the **D Ordinary Shares**) on such terms and in such manner as the Directors may determine *provided that*
 - (a) such market purchases shall comply with UK Listing Authority and HMRC requirements,
 - (b) the aggregate maximum number of D Ordinary Shares authorised to be purchased pursuant to this resolution shall not exceed 14.99% of the issued D Ordinary Share capital of the Company as immediately prior to the passing of this resolution,
 - (c) the price paid shall not be
 - (i) less than 1p per D Ordinary Share,
 - (ii) more than 5% above the average of the middle market quotation for a D Ordinary Share taken from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which such Shares are purchased,
 - (iii) more than the net asset value per D Ordinary Share,
the maximum and minimum prices being exclusive of expenses (including stamp duty), and
 - (d) this authority, unless renewed or revoked prior to such time shall expire on the earlier of 15 months from the passing of this resolution and the conclusion of the Company's next AGM. The Company may, before the expiry of such authority, conclude contracts to purchase D Ordinary Shares which will or may be completed wholly or partly after the expiry of such authority and may make purchases of D Ordinary Shares in pursuance of any such contracts as if the authority hereby conferred had not expired
- 9 THAT the Company be and is hereby generally and unconditionally authorised pursuant to section 701 of the Act to make one or more market purchases (as defined in section 693 of the Act) of E Ordinary Shares of 1p each in the capital of the Company (the **E Ordinary Shares**) on such terms and in such manner as the Directors may determine *provided that*
 - (a) such market purchases shall comply with UK Listing Authority and HMRC requirements,
 - (b) the aggregate maximum number of E Ordinary Shares authorised to be purchased pursuant to this resolution shall not exceed 14.99% of the issued E Ordinary Share capital of the Company as immediately prior to the passing of this resolution,
 - (c) the price paid shall not be
 - (i) less than 1p per E Ordinary Share,
 - (ii) more than 5% above the average of the middle market quotation for an E Ordinary Share taken from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which such Shares are purchased,
 - (iii) more than the net asset value per E Ordinary Share,
the maximum and minimum prices being exclusive of expenses (including stamp duty), and
 - (d) this authority, unless renewed or revoked prior to such time shall expire on the earlier of 15 months from the passing of this resolution and the conclusion of the Company's next AGM. The Company may, before the expiry of such authority, conclude contracts to purchase E Ordinary Shares which will or may be completed wholly or partly after the expiry of such authority and may make purchases of E Ordinary Shares in pursuance of any such contracts as if the authority hereby conferred had not expired

- 10 THAT the Company be and is hereby generally and unconditionally authorised pursuant to section 701 of the Act to make one or more market purchases (as defined in section 693 of the Act) of F Ordinary Shares of 1p each in the capital of the Company (the **F Ordinary Shares**) on such terms and in such manner as the Directors may determine *provided that*
- (a) such market purchases shall comply with UK Listing Authority and HMRC requirements,
 - (b) the aggregate maximum number of F Ordinary Shares authorised to be purchased pursuant to this resolution shall not exceed 14.99% of the issued F Ordinary Share capital of the Company as immediately prior to the passing of this resolution,
 - (c) the price paid shall not be
 - (i) less than 1p per F Ordinary Share,
 - (ii) more than 5% above the average of the middle market quotation for an F Ordinary Share taken from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which such Shares are purchased,
 - (iii) more than the net asset value per F Ordinary Share,
 the maximum and minimum prices being exclusive of expenses (including stamp duty), and
 - (d) this authority, unless renewed or revoked prior to such time shall expire on the earlier of 15 months from the passing of this resolution and the conclusion of the Company's next AGM. The Company may, before the expiry of such authority, conclude contracts to purchase F Ordinary Shares which will or may be completed wholly or partly after the expiry of such authority and may make purchases of F Ordinary Shares in pursuance of any such contracts as if the authority hereby conferred had not expired
- 11 THAT the Company be and is hereby generally and unconditionally authorised pursuant to section 701 of the Act to make one or more market purchases (as defined in section 693 of the Act) of G Ordinary Shares of 1p each in the capital of the Company (the **G Ordinary Shares**) on such terms and in such manner as the Directors may determine *provided that*
- (a) such market purchases shall comply with UK Listing Authority and HMRC requirements,
 - (b) the aggregate maximum number of G Ordinary Shares authorised to be purchased pursuant to this resolution shall not exceed 14.99% of the issued G Ordinary Share capital of the Company as immediately prior to the passing of this resolution,
 - (c) the price paid shall not be
 - (i) less than 1p per G Ordinary Share,
 - (ii) more than 5% above the average of the middle market quotation for a G Ordinary Share taken from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which such Shares are purchased,
 - (iii) more than the net asset value per G Ordinary Share,
 the maximum and minimum prices being exclusive of expenses (including stamp duty), and
 - (d) this authority, unless renewed or revoked prior to such time shall expire on the earlier of 15 months from the passing of this resolution and the conclusion of the Company's next AGM. The Company may, before the expiry of such authority, conclude contracts to purchase G Ordinary Shares which will or may be completed wholly or partly after the expiry of such authority and may make purchases of G Ordinary Shares in pursuance of any such contracts as if the authority hereby conferred had not expired
- 12 THAT the Company be and is hereby generally and unconditionally authorised pursuant to section 701 of the Act to make one or more market purchases (as defined in section 693 of the Act) of H Ordinary Shares of 1p each in the capital of the Company (the **H Ordinary Shares**) on such terms and in such manner as the Directors may determine *provided that*
- (a) such market purchases shall comply with UK Listing Authority and HMRC requirements,
 - (b) the aggregate maximum number of H Ordinary Shares authorised to be purchased pursuant to this resolution shall not exceed 14.99% of the issued H Ordinary Share capital of the Company following the close of the Offer to the public for subscription (including an over-allotment facility) of up to 12,500,000 H Ordinary Shares at a variable issue price per share,
 - (c) the price paid shall not be
 - (i) less than 1p per H Ordinary Share,
 - (ii) more than 5% above the average of the middle market quotation for a H Ordinary Share taken from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which such Shares are purchased,
 - (iii) more than the net asset value per H Ordinary Share,
 the maximum and minimum prices being exclusive of expenses (including stamp duty), and

INGENIOUS ENTERTAINMENT VCT 1

- (d) this authority, unless renewed or revoked prior to such time shall expire on the earlier of 15 months from the passing of this resolution and the conclusion of the Company's next AGM. The Company may, before the expiry of such authority, conclude contracts to purchase H Ordinary Shares which will or may be completed wholly or partly after the expiry of such authority and may make purchases of H Ordinary Shares in pursuance of any such contracts as if the authority hereby conferred had not expired.

Auditor

- 13 THAT Grant Thornton UK LLP be and are hereby re-appointed as auditor to the Company, to hold office until the conclusion of the next general meeting at which accounts are laid
- 14 THAT the Directors be and are hereby authorised to agree the remuneration of Grant Thornton UK LLP as auditor to the Company

Dated 9 April 2013
Registered Office
15 Golden Square, London, W1F 9JG

By order of the Board
Sarah Cruickshank
Company Secretary
Ingenious Entertainment VCT 1 plc

Information regarding the AGM including the information required by section 311A of the Act is available from www.ingeniousvcts.co.uk

NOTES

- (a) Explanations relating to the above resolutions can be found overleaf

Entitlement to Attend and Vote

- (b) In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, the Company gives notice that only those Shareholders entered on the relevant register of Shareholders (the **Register**) for certificated or uncertificated Shares of the Company (as the case may be) at 4.30pm on 10 May 2013 (the **Specified Time**) will be entitled to attend or vote at the AGM in respect of the number of Shares registered in their name at the time. Changes to entries on the Register after the Specified Time will be disregarded in determining the rights of any person to attend or vote at the AGM. Should the AGM be adjourned to a time not more than 48 hours after the Specified Time, that time will also apply for the purpose of determining the entitlement of Shareholders to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned AGM. Should the AGM be adjourned for a longer period, then to be so entitled, Shareholders must be entered on the Register at the time which is 48 hours before the time fixed for the adjourned AGM or, if the Company gives notice of the adjourned AGM, at the time specified in the Notice.

Appointment of Proxies

- (c) Shareholders entitled to attend and vote at the above AGM are entitled to appoint one or more proxies to attend, speak and vote in their place. You may not appoint more than one proxy to exercise rights attached to any one Share. A proxy may demand, or join in demanding a poll. A proxy need not be a Shareholder of the Company but must attend the AGM to represent you. Details of how to appoint the Chairman of the AGM or another person as your proxy are set out on the Proxy Form. A Shareholder who wishes his proxy to speak for him should appoint his own choice of proxy (not the Chairman) and give instructions directly to that person.

If you are not a Shareholder of the Company but you have been nominated by a Shareholder of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in these notes. Please read note (j) below.

To be valid, the Proxy Form must be completed and signed in accordance with these notes and the instructions printed on it and must be deposited (together with the power of attorney or other authority (if any) under which it is signed or a notationally certified or office copy of such power or authority) with the Company's registrars, SLC Registrars, Thames House, Portsmouth Road, Esher, Surrey, KT10 9AD or electronically at ingenious@davidvenus.com in each case by no later than 48 hours (excluding weekends and public holidays) before the time appointed for holding the meeting. In the case of a poll taken more than 48 hours (excluding weekends and public holidays) after it is demanded, the document(s) must be delivered as aforesaid not less than 24 hours (excluding weekends and public holidays) before the time appointed for taking the poll, or where the poll is taken not more than 48 hours (excluding weekends and public holidays) after it was demanded, be delivered at the meeting at which the demand is made.

A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, the proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the AGM.

Appointment of Proxy by Joint Holders

- (d) In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holder appear in the Register in respect of the joint holding (the first named being the most senior).

Changing Proxy Instructions

- (e) To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Additional Proxy Forms may be obtained by photocopying this form or contacting the Company Secretary of the Company on 0207 319 4000. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of Proxy Appointments

- (f) In order to revoke a proxy instruction a Shareholder will need to inform the Company using one of the following methods:

- by sending a signed hard copy notice clearly stating the intention to revoke the proxy appointment to SLC Registrars, Thames House, Portsmouth Road, Esher, Surrey, KT10 9AD. In the case of a Shareholder which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power of authority) must be included with the revocation notice, or
- by sending an email to ingenious@davidvenus.com

In either case, the revocation notice must be received by SLC Registrars before the AGM or the holding of a poll subsequently thereto. If a Shareholder attempts to revoke his proxy appointment but the revocation is received after the time specified then, subject to note (g) below, the proxy appointment will remain valid.

Completion of a Proxy Form will not prevent you from attending and voting at the AGM in person. If a Shareholder appoints a proxy and that Shareholder attends the AGM in person, the proxy appointment will be automatically terminated.

Corporate Representatives

- (g) A corporation which is a Shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a Shareholder provided that not more than one corporate representative exercises powers over the same Share.

In the case of a Shareholder which is a company, the proxy form must be executed under its common seal or signed on behalf by an officer of the company or an attorney of the company.

Issued Share Capital and Total Voting Rights

- (h) As at close of business on 8 April 2013, the Company's issued nominal Share capital comprised 10,205,011 Ordinary Shares, 2,810,596 C Ordinary Shares, 6,785,624 D Ordinary Shares, 2,846,122 E Ordinary Shares, 1,572,095 F Ordinary Shares, 3,518,044 G Ordinary Shares and 1,735,921 H Ordinary Shares. The total number of voting rights in the Company as at the close of business on 8 April 2013 was 29,473,413. The website referred to above will include information on the number of Shares and voting rights.

INGENIOUS ENTERTAINMENT VCT 1

Questions at Meeting

- (i) Under section 319A of the Act, the Company must answer any question a Shareholder asks relating to the business being dealt with at the AGM unless
- answering the question would unduly interfere with the preparation for the AGM or involve the disclosure of confidential information,
 - the answer has already been given on a website in the form of an answer to a question, or
 - it is undesirable in the interests of the Company or the good order of the AGM that the question be answered

Nominated Persons

- (j) If you are a person who has been nominated under section 146 of the Act to enjoy information rights (a **Nominated Person**)
- you may have a right under an agreement between you and the Shareholder of the Company who has nominated you to have information rights (the **Relevant Shareholder**) to be appointed or to have someone else appointed as a proxy for the AGM,
 - if you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Shareholder to give instructions to the Relevant Shareholder as to the exercise of voting rights, and
 - your main point of contact in terms of your investment in the Company remains the Relevant Shareholder (or, perhaps your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters) The only exception to this is where the Company expressly requests a response from you

Documents Available for Inspection

- (k) The terms and conditions of appointment of the Directors of the Company and the Company's Annual Report and Accounts for the year ended 31 December 2012 (including the Directors' Remuneration Report) are available for inspection by any person at the Registered Office of the Company on each business day during normal business hours from the date of this Notice until the time of the AGM and will be available on the day of the AGM, at the place of the AGM, from at least 15 minutes prior to the AGM until its conclusion Information about the Directors who are proposed by the Board for appointment and re-election at the AGM is shown in the Annual Report and Accounts for the year ended 31 December 2012

Communication

- (l) Shareholders may not use any electronic address provided either in this Notice or any related documents (including the Proxy Form) to communicate with the Company for any purposes other than those expressly stated

Except as set out above, Shareholders who have general queries about the AGM should write to the Company Secretary at the registered office set out above

Website Publication of Audit Concerns

- (m) Members satisfying the thresholds in section 527 of the Act can require the Company to publish a statement on its website setting out any matter relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM that the members propose to raise at the meeting The Company cannot require the members requesting the publication to pay its expenses Any statement required to be placed on the website must also be sent to the Company's auditor no later than the time it makes its statement available on the website The business which may be dealt with at the meeting includes any statement that the Company has been required to publish on its website

ADDITIONAL INFORMATION RELATING TO THE AGM

In compliance with the Code, a separate resolution on each substantially separate issue will be considered by the Shareholders at the AGM. All proxy votes will be counted and, except where a poll is called, the Chairman of the AGM will indicate the level of proxies lodged on each resolution, the balance for and against the resolution in question and the number of votes withheld after the resolution has been dealt with on a show of hands.

The following resolutions will be considered by the Shareholders

Resolution 1 – Annual Report and Accounts

The Shareholders will be asked to resolve to receive the Company's Annual Report and Accounts for the year ended 31 December 2012

Resolution 2 – Directors' Remuneration Report

In accordance with the Director's Remuneration Report Regulations 2002, the Shareholders will be asked in this resolution to approve the Directors' Remuneration Report for the year ended 31 December 2012 which can be found on pages 16 to 18

Resolutions 3 to 5 – Re-election of Non-Executive Directors

David Munns, Keith Turner and Patrick McKenna will retire from office and are seeking to be re-elected at the AGM. Patrick McKenna is standing for re-election pursuant to Listing Rule 15.2.13A which requires the director of the Manager to stand for annual re-election by Shareholders. The remaining members of the Board, David Munns and Keith Turner, are also standing for re-election. Whilst the UK Corporate Governance Code 2010 provides that only directors of FTSE 350 companies should all be subject to annual re-election, the Company is complying with this on a best practice basis. Biographical details of all the Directors can be found on page 8 of the Company's Annual Report and Accounts.

Resolutions 6 to 12 – Share Buy-Backs

These resolutions seek authority for the Company to make market purchases of its own Shares pursuant to section 701 of the Act and are proposed as special resolutions. Pursuant to the Company's Articles, the Company would be authorised to make market purchases of an amount up to 14.99% of the issued Share capital of Ordinary Shares, C Ordinary Shares, D Ordinary Shares, E Ordinary Shares, F Ordinary Shares, G Ordinary Shares and H Ordinary Shares separately subject to (amongst other things) the price paid being neither

- less than 1p per Share, nor
- 5% above the average of the market value of the Shares for the five business days immediately preceding the date of purchase, nor
- more than the net asset value per Share

These authorities will expire on the earlier of 15 months from the passing of the resolutions and the conclusion of the Company's next AGM. Although the Company has not made any market purchases during the period under review, the Shareholders will be asked to consider these special resolutions in order to extend the authority. Subject to these resolutions being passed, the Directors will continue to consider making market purchases of Shares during the next financial year.

Nevertheless, the Directors will only implement such purchases if they are satisfied, after careful consideration, that these are in the best interests of the Shareholders as a whole and would result in an increase in expected earnings per Share. Account will also be taken of the overall financial implications for the Company. Any market purchases will, therefore, be conducted entirely at the Directors' discretion. Market purchases will also be subject to the requirements of the Act, the rules of the UK Listing Authority and the rules of HMRC.

Although the Directors' intention is that Shareholders who wish to sell their Shares should be able to do so, Shareholders should be aware that this may not always be possible.

The Directors intend to cancel any Shares purchased by the Company in the next financial period, so reducing the total number of Shares in issue.

Resolutions 13 and 14 – Re-appointment of Grant Thornton UK LLP and Audit Fees

In these resolutions, the Shareholders will be asked to approve the re-appointment of Grant Thornton UK LLP as auditor to the Company and to authorise the Directors to agree their remuneration for audit services. Further background to these resolutions can be found in paragraph 6 of the Directors' Report included within the Company's Annual Report and Accounts.

INGENIOUS ENTERTAINMENT VCT 1

PROXY FORM

ANNUAL GENERAL MEETING 14 MAY 2013

Please print clearly in **BLACK INK** and in **BLOCK CAPITALS**. Please read the **NOTES** below before completing this Proxy Form

Name (full)		Name
Address (full)		
Postcode		
I/We the above mentioned Shareholder(s) of Ingenious Entertainment VCT 1 plc, hereby appoint the Chairman of the Annual General Meeting (If you wish to appoint someone other than the Chairman of the Annual General Meeting as your proxy, then please cross out the words 'the Chairman of the Annual General Meeting' and insert the full name(s) of the person(s) that you wish to appoint(s) below (note that a proxy need not be a Shareholder of the Company, but must attend the meeting in person).)		
Name (full)		1
Address (full)		
Postcode		
as my/our proxy to vote in my/our name(s) and on my/our behalf at the Annual General Meeting of Ingenious Entertainment VCT 1 plc to be held at 4.30pm on 14 May 2013 at 15 Golden Square London W1P 9JG and at any adjournment thereof.		

	For	Against	Withheld	2
1. To receive and consider the Company's Annual Report and Accounts for the year ended 31 December 2012 (ordinary resolution)				
2. To approve the Directors' Remuneration Report as set out in the 2012 Annual Report and Accounts (ordinary resolution)				
3. To approve the re-election of David Munns as a non-executive director (ordinary resolution)				
4. To approve the re-election of Keith Turner as a non-executive director (ordinary resolution)				
5. To approve the re-election of Patrick McKenna as a non-executive director (ordinary resolution)				
6. To approve the Company's authority to make market purchases of Ordinary Shares (special resolution)				
7. To approve the Company's authority to make market purchases of C Ordinary Shares (special resolution)				
8. To approve the Company's authority to make market purchases of D Ordinary Shares (special resolution)				
9. To approve the Company's authority to make market purchases of E Ordinary Shares (special resolution)				
10. To approve the Company's authority to make market purchases of F Ordinary Shares (special resolution)				
11. To approve the Company's authority to make market purchases of G Ordinary Shares (special resolution)				
12. To approve the Company's authority to make market purchases of H Ordinary Shares (special resolution)				
13. To approve the re-appointment of Grant Thornton UK LLP as auditor to the Company (ordinary resolution)				
14. To approve the Directors' authority to agree the remuneration of Grant Thornton UK LLP (ordinary resolution)				

Shareholder signature		Date		3
-----------------------	--	------	--	---

NOTES

- You may appoint one or more proxies to attend, speak and vote at the meeting provided each proxy is appointed to exercise rights attached to different Shares. You may not appoint more than one proxy to exercise rights attached to any one Share. To appoint more than one proxy, an additional proxy form(s) may be obtained by photocopying this form or contacting the Company Secretary of the Company on 0207 609 4000. Please indicate next to the proxy holder's name the number of securities in relation to which they are authorised to act as your proxy. All multiple forms must be signed and returned in the same envelope.
- Please indicate above how you wish your votes to be cast in respect of each resolution by placing an 'X' or entering the number of Shares which you are entitled to vote in the appropriate box. If no indication is given, your proxy may vote in or withhold their votes at his or her discretion and you authorise your proxy to vote or withhold their vote as he or she sees fit in relation to any other matter which is properly put before the meeting. A vote withheld is not a vote in law and will not be counted in the calculation of the proportion of votes for and against each resolution.
This Proxy Form will only be used in the event of a poll being directed or demanded.
- In the case of joint holders, the signature of one holder will be accepted but the names of all joint holders should be given. Where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of Shareholders in respect of the joint holding (the first named being the most senior). In the case of a corporation, this proxy should be either given under the corporation's common seal or signed for and on its behalf by a duly authorised officer or attorney of the corporation.
- Further information, including details of how to change or revoke your proxy appointment can be found in the notes to the Notice of meeting.

Upon completing this Proxy Form, please sign and return it to the Company's registrars, SLG Registrars, Thames House, Portsmouth Road, Esher, Surrey, KT10 9AD or electronically at ingenious@davidvenus.com. This Proxy Form must be received by SLG Registrars by no later than 48 hours (excluding weekends and public holidays) before the time appointed for holding the meeting together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority. The completion and return of this Proxy Form will not, however, preclude (a) holder(s) of Shares from attending and voting at the meeting if he/she (they) so wish/wishes and is (are) so entitled.

DEFINITIONS

The following definitions apply throughout these Annual Report and Accounts unless the context otherwise requires

Act or Companies Act

Companies Act 2006

AGM

The annual general meeting of the Company which is to be held on 14 May 2013 as convened by the Notice

Annual Report and Accounts

These Annual Report and Accounts of the Company for the year ending 31 December 2012

Articles

The Company's articles of association

Board

The Company's board of directors from time to time

Code

The UK Corporate Governance Code 2010

Company

Ingenious Entertainment VCT 1 plc

Directors

Directors of the Company from time to time

FRS

Financial Reporting Standard

ITA

Income Tax Act 2007

Ingenious or Ingenious Group

Ingenious Media Limited and its parent company and subsidiaries from time to time

Ingenious Entertainment VCTs

Ingenious Entertainment VCT 1 plc and Ingenious Entertainment VCT 2 plc

Ingenious Live VCTs

Ingenious Live VCT 1 plc and Ingenious Live VCT 2 plc

Ingenious Ventures

Ingenious Ventures is a trading division of Ingenious Capital Management Limited (with effect from 6 April 2012)

Investee Company or Investee Companies

The company in which the VCT will invest

Listing Rules

Listing Rules of the UK Listing Authority

LSE

The London Stock Exchange

Manager

Ingenious Ventures

Notice

The notice convening the AGM and which can be found on pages 54 to 59

Offer

The Company's offers to the public under the relevant Prospectus to subscribe for relevant class of Shares at an issue price of 100p per Share launched on various dates

Prospectus

The relevant prospectus published by the Company in connection with the relevant Offer

PwC

PricewaterhouseCoopers LLP

Qualifying Company or Qualifying Companies

A company satisfying the requirements of Chapter 4 of Part 6 of the ITA

Qualifying Investment

An investment by a VCT in a Qualifying Company

Share(s)

Ordinary Shares of 1p each in the share capital of the Company
C Shares of 1p each in the share capital of the Company
D Shares of 1p each in the share capital of the Company
E Shares of 1p each in the share capital of the Company
F Shares of 1p each in the share capital of the Company
G Shares of 1p each in the share capital of the Company
H Shares of 1p each in the share capital of the Company

Shareholder or Shareholders

Holder or holders of Shares

VCT

A company approved by HMRC as a venture capital trust under section 274 of the ITA

In these Annual Report and Accounts (and unless the context otherwise requires), a reference to a time of day is to the time of day in London and a reference to a page is to a page of these Annual Report and Accounts