

# INGENIOUS LIVE VCT 2

ANNUAL REPORT & ACCOUNTS  
For the year ended  
31 December 2009



WE ARE **INGENIOUS**



**CONTENTS**

CORPORATE INFORMATION .....	1
CHAIRMAN'S STATEMENT.....	2
MANAGER'S REVIEW.....	3
BOARD OF DIRECTORS .....	7
DIRECTORS' REPORT .....	8
BUSINESS REVIEW .....	12
DIRECTORS' REMUNERATION REPORT.....	14
CORPORATE GOVERNANCE REPORT.....	16
REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF INGENIOUS LIVE VCT 2 PLC .....	19
INCOME STATEMENT .....	21
RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS.....	21
BALANCE SHEET .....	22
CASH FLOW STATEMENT .....	23
NOTES TO THE FINANCIAL STATEMENTS .....	24
SHAREHOLDER INFORMATION .....	36
NOTICE OF ANNUAL GENERAL MEETING .....	37
ADDITIONAL INFORMATION RELATING TO THE AGM.....	40
PROXY FORM.....	42
DEFINITIONS.....	44

## INGENIØUS LIVE VCT 2

### CORPORATE INFORMATION

<b>Directors</b>	Patrick McKenna (Chairman) Paul Gregg* Piers Gregson* Andrew Morris*
<b>Company Secretary</b>	Sarah Cruickshank
<b>Registered Office</b>	15 Golden Square London W1F 9JG
<b>Company Number</b>	5943531
<b>Investment Manager &amp; Administrator</b>	Ingenious Ventures** 15 Golden Square London W1F 9JG
<b>Auditors</b>	Grant Thornton UK LLP Grant Thornton House Melton Street Euston Square London NW1 2EP
<b>Taxation Advisers</b>	PricewaterhouseCoopers LLP (PwC) 1 Embankment Place London WC2N 6RH
<b>Registrar</b>	SLC Registrars Thames House Portsmouth Road Esher Surrey KT10 9AD Tel: 01372 467 308
<b>Sponsor and Stockbroker</b>	Brewin Dolphin Securities Limited 34 Lisbon Street Leeds LS1 4LX

\* Independent director

\*\* Ingenious Ventures is a trading division of Ingenious Asset Management Limited

## CHAIRMAN'S STATEMENT

I am delighted to present the Company's third annual report covering the year to 31 December 2009 (the "Reporting Period").

### Overview Of Activities

The Company has now completed its investment strategy and is fully invested under the VCT regulations. We will now focus solely on maximising the returns from these investments. 2009 proved to be a very successful year, indicating that the strategy of identifying investments that deliver both annual profits and capital value is beginning to deliver success.

I am pleased to report that the Company enjoyed a successful summer season with its three main festivals all making significant profits.

Creamfields sold out for the first time in its history and won 'Best Dance Festival' at the prestigious Virtual Festival Awards. This was accompanied by record numbers for *Underage* and *Field Day* as well as the *80's Rewind* event having an exceptionally strong first year and achieving a good level of profitability.

The one event that performed below expectations was the two day Powderham Music Festival. The event incurred a loss for the second year and it has been decided not to stage the event in 2010.

### Results

The Reporting Period has been dominated by new investments, with £3,203,000 invested and committed to Qualifying Investments. The Company made a profit on ordinary activities of £104,000 in the year to 31 December 2009 (2008: profit of £33,000). The Company's net asset value moved in line with the profit on ordinary activities, from 96.0 pence (2008) to 97.1 pence per share. The Directors do not recommend the payment of a dividend in respect of the Reporting Period. The increase in the net asset value was impacted by two key factors; an increase of 3.8 pence per share to reflect the increase in asset values of the Qualifying Investments which was partially offset by a decrease of 2.7 pence per share in relation to the Company's cost base which exceeded interest revenues and other gains generated during the year.

### Outlook

The Company is now three years old and we believe that it has a strong portfolio of investments which has the potential to deliver significant upside from its equity interests, while maintaining its downside protection through its minimum revenue arrangements to cover in excess of 75% of the Company's investment in certain instances.

Since the end of the financial year the Company has declared an interim dividend of 7.0 pence per share for the year to 31 December 2010. It has been proposed that the dividend is paid on 13 April 2010.

I would like to take this opportunity to thank all Shareholders for their continued support of the Company and I look forward to seeing those of you that are able to attend the AGM, scheduled for 13 May 2010.



**Patrick McKenna**

Chairman  
1 April 2010

## INGENIOUS LIVE VCT 2

### MANAGER'S REVIEW

#### Investment Objective

Our objective is to invest in a portfolio of live event companies engaged in the production of new and established events which will provide Shareholders with an attractive return. This will be achieved by maximising the opportunities for making tax-free dividends to Shareholders from both the income received and capital profits on the sale of the Investee Companies or their assets.

The Reporting Period has seen strong deal flow throughout, leaving the Company fully committed ahead of the three-year deadline. We have focused our efforts throughout the Reporting Period on identifying projects that have the potential to deliver strong returns for our investors. The Manager will now focus solely on the portfolio of investments in order to deliver strong annual profits, and crucially, target exceptional back-end values as the Company exits its investments after the qualifying five-year period.

#### Underage And Field Day Festivals

Following the success of 2008's *Underage* and *Field Day* festivals, the Company agreed to provide further funding of £175,000 (£350,000 across both the Ingenious Live VCTs) to co-promote the third year of the festivals. This brings the total investment made in the festivals to-date to £500,000 (£1,000,000 across both the Ingenious Live VCTs).

In August 2009, the events returned to Victoria Park, London for a third time. *Underage* attracted an impressive line up of artists including *The Horrors*, *The Pigeon Detectives*, *Kissy Sell Out*, *Ladyhawke*, *Tinchy Stryder*, *Marina and the Diamonds*, *Mystery Jets* and *Patrick Wolf* whilst *Field Day* resumed the charm of a village fête and featured artists including *Little Boots*, *Mogwai*, *Santigold* amongst many others. *Field Day* sold 18,000 out of its 20,000 capacity and *Underage* attracted 8,000 attendees. We are pleased to report that the *Underage* festival has fast become the flagship summer music event for under 18 year olds in the UK.

The Victoria Park site was also rented this year for a third independent event – a concert by the world famous *DJ Tiesto*, which also contributed to the event's positive financial performance.

The weekend delivered strong profitability and we believe that it can continue to build upon this success with increased capacities (*Underage* 10,000/*Field Day* 25,000) in 2010.

We believe that the *Underage* and *Field Day* brands both have strong potential to be 'rolled out', both in the UK and overseas. This would also assist in the creation of an enhanced capital value for the events which is key to our investment strategy.

#### Creamfields

In July 2008, the Company agreed an investment of £850,000 (£1,700,000 across both the Ingenious Live VCTs) to back the second day of leading dance music festival *Creamfields*. The event, held on 29-30 August 2009, boasted an impressive line up of DJs and electronic acts and included performances from *David Guetta*, *Calvin Harris* and *Dizzee Rascal*. Each of these artists had singles in the Top 5 of the UK charts at the time of the festival with two of them sharing number one on the same Sunday. The 2009 event proved to be the most successful *Creamfields* weekend in its 11 year history by not only selling out well in advance its 60,000 capacity attendance, but by also being crowned 'Best Dance Event' at the Annual UK Festival Awards 2009.

Tickets are already on sale for the 2010 event where we are seeking to expand the capacity to 40,000 for each of the two days. An impressive line up of artists and DJs is headlined by *Leftfield*, *Deadmau5*, *David Guetta*, *Eric Prydz* amongst many others. *Creamfields* has established itself as arguably the world's leading dance festival, and is the only music festival concept to be successfully exported globally with events staged in over 12 countries.

## MANAGER'S REVIEW (continued)

### The Rival Organisation – Powderham Castle

July 2009 saw the second staging of the Powderham Castle Music Festival featuring *Status Quo* and *The Greatest 80's Party Ever!* on consecutive nights. The event saw over 10,000 people attending across the two nights but, as with 2008, the level of interest was insufficient to generate a profit.

We have discussed the potential of the event with our promoter and have decided not to proceed with the Powderham Castle Music Festival for 2010.

### The Rival Organisation – 80's Rewind Festival

In December 2008, the Company made an investment of £272,598 (£1,090,390 across the Ingenious Live VCTs and the Ingenious Entertainment VCTs) to co-promote the *80's Rewind Festival* in conjunction with The Rival Organisation. The *80's Rewind Festival* is a two-day music festival held in August in Henley-upon-Thames.

The event attracted in excess of 26,000 people across the weekend with a line up including *Kim Wilde; Rick Astley; Bananarama; Billy Ocean; Belinda Carlisle; Kid Creole and the Coconuts; Heaven 17; Toyah; Gloria Gaynor; Sister Sledge; ABC; Paul Young; Go West; Midge Ure; Nik Kershaw; T'Pau* and *Chas 'n' Dave*. We are delighted to say that exceptionally, the event made a strong profit in its first year.

Tickets for the 2010 event to be held between 20-22 August are on sale and selling well already. The 2010 line up includes *Boy George; Tony Hadley; Heaven 17; ABC; Level 42; Altered Images; Marc Almond; Odyssey; Jimmy Somerville; The Weather Girls; Chesney Hawkes; Kajagoogoo; Kid Creole and the Coconuts; 10cc* and *Rick Astley*.

### Brand Events – Taste Of Christmas

In September 2008, the Company agreed an investment of £902,488 (£1,804,977 across both the Ingenious Live VCTs) to co-promote *Gordon Ramsay's Taste of Christmas*, a festive food event, alongside event management company Brand Events. The festival was held from 4-7 December 2008 at ExCel London, attracting over 22,000 food lovers and featuring live demonstration cookery master classes by Gordon Ramsay and other celebrity chefs, cookery seminars, guest interviews, audience participation, wine and spirit tasting classes and over 250 food, drink and gift exhibitors.

*Taste of Christmas* returned to the ExCel London between 4-6 December 2009 and attracted over 26,000 customers. Top chefs including Heston Blumenthal, Anthony Worrall Thompson and many others were joined by 150 food and wine producers for three days of winter feasting. Building on the success of the summer Taste event in Regents Park, we believe there is a strong potential for this event to be 'rolled out', both in the UK and overseas. This would also assist in the creation of an enhanced capital value for the events which is key to our investment strategy.

### Let's Dance

The second co-investment between the Ingenious Live VCTs and the Ingenious Entertainment VCTs, saw the Company invest £500,000 (£2,000,000 across the Ingenious Live VCTs and the Ingenious Entertainment VCTs) in January 2009 to back an exciting new entertainment format, *Let's Dance*, which was commissioned by the BBC for Comic Relief.

The programme, hosted by Claudia Winkleman and Steve Jones, saw some of the nation's favourite celebrities paying homage to iconic dance routines. Over its four week run on Saturday evenings on BBC One in February and March 2009 the show's ratings increased week on week peaking at 8.6 million viewers for the final. This was a terrific result for a new series and the show has now been sold and aired in Holland and Germany and has received strong ratings in both territories.

We are pleased to report the show was recommissioned in the UK by the BBC in 2010 as *Let's Dance for Sports Relief*. A host of sport celebrities and comedians including the winner Rufus Hound took to the dance floor in an effort to beat Robert Webb's 2009 winning performance of 'Flashdance' and the viewing figures for this series peaked at 8.0 million for the final.

## **INGENIOUS LIVE VCT 2**

### **MANAGER'S REVIEW (continued)**

#### **Let's Dance (continued)**

The Ingenious Live VCTs and the Ingenious Entertainment VCTs own 50% of the international format rights which are being represented by Fremantle Media who produce programming in numerous territories around the world. We firmly believe that a second UK airing will lead to increased international interest and will drive further format revenues for the Company.

#### **Taste Festivals**

In April 2009, the Company made an investment of £1,000,000 (£2,000,000 across both the Ingenious Live VCTs) to co-promote with Brand Events the *Taste Festival* in London's Regents Park. Established as a must-attend event of the summer season, *Taste of London* will return to Regents Park from the 17-20 June 2010.

In 2009, famous chefs including Gary Rhodes and Anthony Worrall Thompson served up their signature dishes for the public to taste. This year, some of the most acclaimed London restaurants will gather at this atmospheric open air festival and the public will be given the opportunity to sample their most delicious signature dishes, discover new wines and recipes, shop for gourmet ingredients and mingle with top celebrity chefs.

#### **Annie Get Your Gun**

In November 2009, the Company made an investment of £252,500 (£505,000 across both the Ingenious Live VCTs) to co-produce *Annie Get Your Gun* with The Young Vic Theatre. Staging classic hit songs such as 'Anything You Can Do' and 'There's No Business Like Show Business', the production starred Jane Horrocks in the lead role as Annie Oakley and launched to strong critical acclaim.

The show has now come to the end of its term with the investment making a small profit and we are now looking at further opportunities to roll out the brand in other areas.

#### **Golf Live**

The third co-investment between the Ingenious Live VCTs and the Ingenious Entertainment VCTs, saw the Company fund £275,000 (£1,100,000 across the Ingenious Live VCTs and the Ingenious Entertainment VCTs) in December 2009 to co-promote a three-day new interactive golf event known as '*O<sub>2</sub> Golf Live*'. The event is to be staged at Stoke Park in Buckinghamshire from 14-16 May 2010. It is a brand new concept and addition to the golfing calendar, which we believe has excellent potential to be rolled out at prestigious golf courses around the world.

This unique event will deliver unprecedented access to the world of golf, with attendees able to 'get inside the heads' of some of the world's best players including Colin Montgomerie, Paul Casey, Retief Goosen and Ian Poulter in their own masterclass theatres. Visitors will also be able to enjoy intimate access to a three hole pro/celebrity tournament, test the latest kit and equipment from the best brands, receive expert tuition from world renowned PGA professionals and compete against other visitors at the hole-in-one challenge.

#### **Scarborough Open Air Theatre**

In December 2009, the Company agreed an investment of £1,000,000 (£2,000,000 across both the Ingenious Live VCTs) to enter into an exciting new project to co-promote events with Apollo Resorts and Leisure. The open air theatre in Scarborough is set to be the largest open air theatre venue in Europe. Originally opened in 1932, major restoration works are taking place as part of the North Bay Project to reinstate the theatre.

The theatre which seats up to 8,000 people is scheduled to open in August 2010, and is set to become a major venue in the North East of England for a wide variety of live events. Major shows are presently being planned and in the near future we expect to announce the exciting acts and performances that will take to the Scarborough stage later this year.

**MANAGER'S REVIEW (continued)**

**Outlook**

The volatile economic environment presents challenges for the Company as consumers become more cautious about their discretionary spending on entertainment. However, we are confident that our portfolio of live events is sufficiently robust to withstand the economic factors facing the industry for the following reasons.

Firstly, in times of recession, strong brands gain greater market share whilst weak brands of lower quality often disappear. With brand names such as *Creamfields*, which enjoyed its eleventh anniversary year last summer, and *Underage* which is becoming the flagship summer music event for under 18 year olds in the UK, we believe that our investments remain compelling, well-organised and brand-focused live events.

Secondly, our investments are backed by management teams with vast experience in the live events sector. For example, Brand Events, the event production company behind *Taste of Christmas*, *Taste Festivals* and *Golf Live*, has experience of managing multiple international events including the *Top Gear Live* shows and the *Taste* food festivals.

**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  
1 April 2010

## **INGENIOUS LIVE VCT 2**

### **BOARD OF DIRECTORS**

#### **Patrick McKenna (Chairman), 53**

Patrick is one of the leading figures in the creative industries and is the founder and Chief Executive of Ingenious Media. He started his career in the accountancy profession and was appointed as a partner of Deloitte and Touche in 1985 aged 28 and subsequently ran their media group. Patrick was Chairman and Chief Executive of The Really Useful Group, leading the company's £77 million de-listing in 1991 and subsequently selling 30% to PolyGram.

Among his various media directorships, Patrick is currently Chairman of the Young Vic Theatre, Hat Trick Productions and Stage Three Music and is a board member of NESTA. He is also a member of the Film Business Academy Board, part of the Cass Business School, which offers executive MBA programmes and business courses specialising in film. He is actively engaged with the evaluation and selection of media projects proposed for funding by the investment vehicles operated by the Ingenious Group.

#### **Paul Richard Gregg, 68**

Paul has been closely involved with the live entertainment industry throughout his career. He spent time on the Southport Council heading up its regional entertainment before founding and successfully building the Apollo Leisure Group into the UK's largest theatre and venue owner. The Apollo Leisure Group was one of the UK's leading promoters of live entertainment in the 1980s and 1990s and managed the UK and European tours of major artists in association with Barry Clayman Concerts, such as Tom Jones, Michael Jackson and Barbara Streisand.

In 1999, Paul sold the Apollo Group to SFX Entertainment Inc, the US promoter and venue operator and became chairman of SFX Europe. SFX was acquired by Clear Channel in 2000.

#### **Piers Martin Gregson, 67**

Piers is a Fellow of the Institute of Chartered Accountants in England and Wales. Piers became a partner in the London practice of Maw Temple Gothard in 1973, which merged with Touche Ross in 1985, and subsequently with Deloitte in 1989, to become Deloitte & Touche LLP.

Piers served as an audit partner, based in London, throughout his professional career and from 1975 his client portfolio included several prominent artists and organisations within the media and entertainment industry. He was chairman of his firm's media and entertainment group from 1987 to 1992 and continued to specialise in this sector until his retirement from professional practice in 2003.

Piers is currently chairman of the Stratford-upon-Avon International Flute Festival, of which he has been a board member since 2003.

#### **Andrew Morris, 57**

Andrew has been a leading figure in the media and events industry for over twenty years. He launched the innovative Business Design Centre in Islington in 1986 which became the most stylish and successful boutique venue in the UK, organising the London Art Fair and hosting the annual CBI Conference.

In 1999, Andrew partnered with Candover Investments and led the MBI for Earls Court & Olympia, acquired for £154 million from P&O. Using the strategic tools of capital investment, customer service and the event organising arm, Clarion, the business prospered and was sold to Nomura and St James's Capital in 2004 for £245 million.

Later that year, Andrew became CEO of the National Exhibition Centre (NEC) in Birmingham and has a portfolio of interests including Non-Executive Chairman of Brand Events and the annual World Photography Awards in Cannes.

**DIRECTORS' REPORT**

The Directors submit their report and the audited financial statements for the year from 1 January 2009 to 31 December 2009.

**1. Principal Activity, VCT And Investment Company Status**

The principal activity of the Company is to invest in a portfolio of event companies that will be engaged in the production, promotion and exploitation of live or interactive events. A review of the Company's business during the year 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 414 of the ICTA. The Company is an investment company as defined in section 833 of the Companies Act 2006.

**2. Directors And Directors' Interests**

The Directors and their respective biographies are set out on page 7. All Directors served throughout the year.

As at 31 December 2009, the interests of the Directors in the issued ordinary share capital of the Company were as follows:

Name	Number of Shares as at 31 December 2009	% of issued ordinary share capital
Patrick McKenna*	203,201	2.2
Paul Gregg	50,801	0.5
Piers Gregson	20,320	0.2
Andrew Morris	7,500	0.1
Total	281,822	3.0

\* Includes 100,600 shares held by Patrick McKenna's wife, Margaret McKenna

Except for one subscriber share acquired by each of Patrick McKenna on 22 September 2006 and Paul Gregg on 6 November 2006, the Directors and, where relevant, their spouses subscribed for the above interests during the period of Offer and on the terms set out in the Prospectus. There have been no changes to the above interests between 31 December 2009 and the date of this report. All interests are beneficial.

**3. Major Interests In Shares**

As at the date of this report, the Company is aware that the following Shareholders had an interest of 3% or more of the issued share capital of the Company.

Shareholder	Number of ordinary shares	% of issued share capital
Cazenove Capital Management Limited	1,431,325	15.5

**4. Capital**

Details of the Company's capital are provided in note 12 to the financial statements. All shares carry equal voting rights.

## **INGENIOUS LIVE VCT 2**

### **DIRECTORS' REPORT (continued)**

#### **5. VCT Status Monitoring**

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

#### **6. Re-Appointment Of Auditors**

A resolution to re-appoint Grant Thornton UK LLP as auditors to the Company will be put to the Shareholders at the AGM (see resolution 6 of the Notice).

#### **7. Indemnities**

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, to ensure that suppliers are made aware of the terms of payment and to abide by the terms thereof. There were nine trade creditor days of the Company as at 31 December 2009. 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 15 to the financial statements.

#### **10. Management Agreement**

The Management Agreement is dated 6 November 2006, and 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 2% of the Company's net asset value plus VAT, 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 £17,500 (adjusted annually in line with inflation).

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 from HMRC VAT charged retrospectively.

The Management Agreement runs for a basic period of six years from 22 September 2006, the date of the first allotment of shares. In the event that the Management Agreement is terminated (unless by reason of the Manager's default), a one-off fee will be payable by the Company to the Manager equivalent to 2.5% of the Company's net asset value at the date of termination.

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.

#### **11. Performance Incentive Fees**

The performance-related incentive fee payable by the Company is equal to 20% of any amounts by which the net asset value per share at the relevant year end exceeds the previous high water mark (less distributions made since that date) subject to performance exceeding the previous high water mark plus a hurdle rate of 8% per annum (compounding annually). Further details can be found in the Prospectus.

## **DIRECTORS' REPORT (continued)**

### **12. The AGM**

The notice convening the AGM can be found on pages 37 to 39. Additional information relating to the AGM and the resolutions to be considered by Shareholders can be found on pages 40 and 41.

### **13. Business Review**

The Directors have included their business review on pages 12 and 13.

### **14. Corporate Governance Report**

The Directors have included their corporate governance report on pages 16 to 18.

### **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 Ingenious Ventures. 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 is a not-for profit theatre company of which Patrick McKenna is chairman and director.

### **16. Directors' Responsibilities**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

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

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

**DIRECTORS' REPORT (continued)**

**16. Directors' Responsibilities (continued)**

In so far as each of the Directors is aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are 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 the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the management 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 they face.

Signed on behalf of the Board of Directors:

A handwritten signature in black ink that reads "Patrick McKenna". The signature is written in a cursive style with a large initial 'P' and 'M'.

**Patrick McKenna**

Chairman

1 April 2010

## 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 Live VCT 2 plc is a tax efficient company listed on The London Stock Exchange.

The investment objective is to achieve a combination of a high 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 Ingenious Ventures under the terms of a management deed.

The Manager's review on pages 3 to 6 provides a review of the investment portfolio and the market outlook.

### 2. Investment Policy

The Company's investment policy is to invest in Investee Companies that will produce and promote new and established Events whose revenues will be underpinned by warranties or other similar contractual arrangements. The Ingenious Live VCTs will invest in Investee Companies which are expected to participate in the revenues and growth of Events. The Events produced and promoted by the Investee Companies are likely to be held primarily in the UK and may include concerts, festivals, exhibitions, theatrical shows, conferences, trade fairs and sporting events.

The Company will only invest in an Investee Company:

- where the Event has been approved by the Manager through its selection process; and
- where the Investee Company has obtained performance warranties or similar contractual arrangements that will provide for the Investee Company to receive minimum revenues equivalent to at least 70% of the Company's investment, although the Manager is currently endeavouring to secure higher levels of minimum revenues in the current economic environment.

The initial capital required by an Investee Company will be provided by the Company. The majority of this initial capital will be provided through loan finance which should provide additional capital protection. The Company can invest, under current venture capital trust legislation, up to £1million per tax year in any one Investee Company.

The Company has the flexibility to retain up to 30% of its assets in cash and cash equivalent instruments which the Directors believe should provide a significant degree of downside protection whilst preserving the upside potential of the Events within the portfolio.

At 31 December 2009 the Company had made ten investments in Qualifying Companies, with contractual arrangements that provide for the Investee Company to receive minimum revenues equivalent to at least 70% of the Company's investment, all of which had received the prior approval of the Manager's Investment Committee.

### 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 Event is sufficient to earn revenues over and above the minimum contractual income negotiated.

### BUSINESS REVIEW (continued)

#### 3. Principal Risks, Risk Management And Regulatory Environment (continued)

- **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 Companies 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 equivalent to at least 70% of the investment, 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 16 to 18.

#### 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 is contained within the Chairman's Statement on page 2 and the Manager's Review on pages 3 to 6.

## DIRECTORS' REMUNERATION REPORT

This report has been prepared by the Directors in accordance with the requirements of Part 15 of Chapter 6 of the Companies Act 2006. A resolution to approve the report will be proposed at the AGM. The Companies Act 2006 requires the Company's auditors to audit certain information included in this report. Where disclosures have been audited, they are indicated as such. The auditors' opinion is included in their report on pages 19 to 20.

### 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.

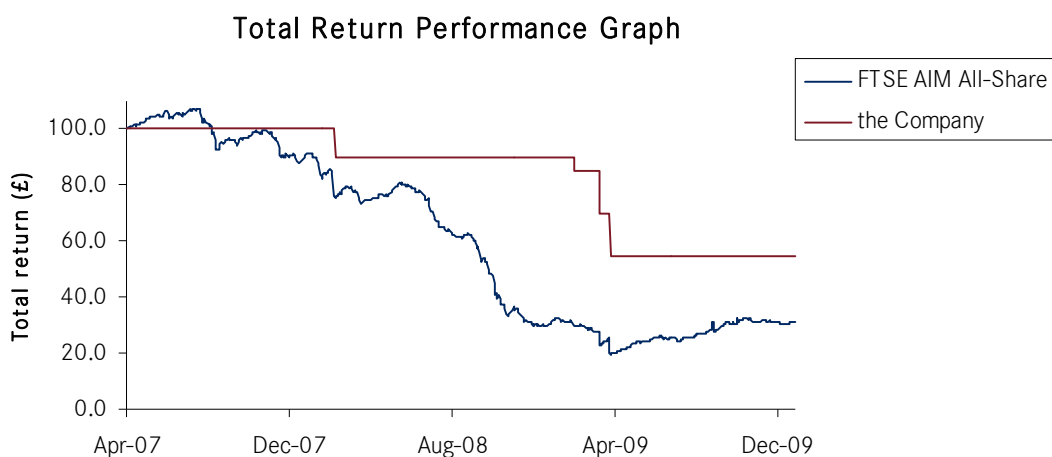
### 2. Appointment Letters

Each Director has executed an appointment letter which provides that he is to receive an annual fee equal to £7,500 per annum and to be reimbursed for any reasonable out-of-pocket expenses. These appointment letters state that each 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 graph compares the total return on an investment of £100 in the ordinary 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.



## INGENIOUS LIVE VCT 2

### DIRECTORS' REMUNERATION REPORT (continued)

#### 4. Directors' Remuneration

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

Director	Year ended 31 December	Year ended 31 December
	2009	2008
	Fees	Fees
	£'000	£'000
Patrick McKenna	7.5	7.5
Paul Gregg	7.5	7.5
Piers Gregson	7.5	7.5
Andrew Morris	7.5	7.5
	<hr/>	<hr/>
	30.0	30.0

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 2009. In respect of the year ended 31 December 2009, 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.

#### 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  
1 April 2010

Registered office:  
15 Golden Square  
London  
W1F 9JG

Company Registration Number: 5943531 (England and Wales)

## CORPORATE GOVERNANCE REPORT

The Company is committed to maintaining the highest standards of corporate governance. The Directors seek to comply with the Combined 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 2008 Combined Code except as explained below.

### 1. Board Composition

The Board is comprised of four directors of which Paul Gregg, Piers Gregson and Andrew Morris are considered to be independent.

Patrick McKenna is a director of Ingenious Ventures, a wholly-owned subsidiary within the Ingenious Group, which is controlled by Patrick McKenna. Patrick is also chairman of Ingenious Live VCT 1 plc and a director of the Ingenious Entertainment VCTs and is not, therefore, considered to be independent. Non-independent directors are required to seek re-appointment at the AGM under Listing Rule 15.2.13A.

However, the Board believes that the directorships of Patrick McKenna allow for enhanced communication between the Company and the Manager as well as closer supervision of the Manager's performance. The Directors therefore believe that these directorships are advantageous to, and do not affect the well balanced nature of, the Board.

Biographical details of each of the Directors can be found on page 7.

### 2. Board Appointments

Directors are not appointed for specified terms. The Board believes that, in the circumstances of the Company, the contribution of a non-executive director is enhanced by longer, continuous service. In accordance with the Company's articles of association, Listing Rules and the Combined Code, Patrick McKenna and Piers Gregson will retire from office and seek re-appointment at the 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.

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 to demonstrate 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 and 4 (inclusive) as set out in the Notice.

No senior independent director has been appointed due to the relatively small size of the Board. However, this will be reviewed again during the next financial year and appropriate action taken if this is deemed appropriate.

### 3. Board Proceedings

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
Patrick McKenna	4	6
Paul Gregg	5	6
Piers Gregson	6	6
Andrew Morris	3	6

### 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 Ingenious Ventures 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 Piers Gregson, Paul Gregg and Andrew Morris. The committee has defined terms of reference and duties. The audit committee met twice during the year as shown in the table below.

The audit committee is responsible for reviewing the half-yearly and annual accounts before they are presented to the Board, the terms of appointment of the auditors, together with their 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 auditors and recommends to Shareholders that they be re-appointed as auditors 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 Director:

	Attended	Possible
Paul Gregg	1	2
Piers Gregson	2	2
Andrew Morris	2	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 13 May 2010, 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 internal controls operated by Ingenious Ventures 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 & 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 on a quarterly basis;
- the Manager monitors the qualifying status of each qualifying holding in conjunction with PwC who report to the Board twice annually on the Company's VCT status 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 would be disproportionate to the size of the Company. However, this will be reviewed again during the next financial year and appropriate action taken if this is deemed appropriate.

### **9. Going Concern**

Under the Combined 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.

### **10. Auditor Independence**

The audit committee and the Board considers the scope and effectiveness of the Company's external auditors. The Company's auditors, Grant Thornton UK LLP, also provide non-audit advice to the Company. These services relate to corporate tax compliance assistance and do not, in the Board's opinion, compromise the independence of the Grant Thornton audit team.

## **INGENIOUS LIVE VCT 2**

### **REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF INGENIOUS LIVE VCT 2 PLC**

We have audited the financial statements of Ingenious Live VCT 2 plc for the year ended 31 December 2009 which comprise the income statement, the balance sheet, the cash flow statement, the reconciliation of movement in shareholders' funds and notes 1 to 19. 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 Auditors**

As explained more fully in the Directors' Responsibilities Statement set out on pages 10 and 11 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 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/UKP](http://www.frc.org.uk/apb/scope/UKP).

#### **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 2009 and of its profit 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.

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF INGENIOUS LIVE VCT 2 PLC  
(continued)**

**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.

Under the Listing Rules, we are required to review:

- the Directors' statement, set out on page 18 in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

*Grant Thornton UK LLP*

**Mark Cardiff**

Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Grant Thornton House, Melton Street, London, NW1 2EP  
1 April 2010

## INGENIOUS LIVE VCT 2

### INCOME STATEMENT

For the year ended 31 December 2009

		2009	2009	2009	2008	2008	2008
		Revenue	Capital	Total	Revenue	Capital	Total
	Note	£'000	£'000	£'000	£'000	£'000	£'000
Gain on disposal of investments		-	154	154	-	87	87
Increase in fair value of investments held		-	178	178	-	141	141
Investment income	2	68	-	68	8	76	84
Investment management fees	3	(89)	(89)	(178)	(80)	(80)	(160)
Other expenses	4	(105)	(13)	(118)	(106)	(13)	(119)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>(126)</b>	<b>230</b>	<b>104</b>	<b>(178)</b>	<b>211</b>	<b>33</b>
Tax on ordinary activities	5	-	-	-	-	-	-
<b>Profit/(loss) on ordinary activities after taxation attributable to equity shareholders</b>		<b>(126)</b>	<b>230</b>	<b>104</b>	<b>(178)</b>	<b>211</b>	<b>33</b>
<b>Basic and diluted return per share (pence)</b>	6	<b>(1.4)</b>	<b>2.5</b>	<b>1.1</b>	<b>(1.9)</b>	<b>2.3</b>	<b>0.4</b>

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 with guidance published by the Association of Investment Companies ("AIC").

All operations are considered to be continuing.

### RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

For the year ended 31 December 2009

	2009	2008
	£'000	£'000
Opening shareholders' funds	8,869	8,836
Profit attributable to equity shareholders for the year	104	33
<b>Closing shareholders' funds</b>	<b>8,973</b>	<b>8,869</b>

The accompanying notes form an integral part of these financial statements.

**BALANCE SHEET**

As at 31 December 2009

	Note	2009 £'000	2008 £'000
<b>Fixed assets</b>			
Qualifying investments	7	<b>6,242</b>	2,752
<b>Current assets</b>			
Debtors	9	<b>68</b>	6
Non-Qualifying investments	10	<b>2,598</b>	6,045
Cash at bank and in hand		<b>93</b>	92
		<b>2,759</b>	6,143
<b>Creditors: amounts falling due within one year</b>	11	<b>(28)</b>	(26)
<b>Net current assets</b>		<b>2,731</b>	6,117
<b>Net assets</b>		<b>8,973</b>	8,869
<b>Capital and reserves</b>			
Called-up share capital	12	<b>92</b>	92
Share premium account	13	<b>4,383</b>	4,383
Other reserve account	13	<b>4,382</b>	4,382
Capital reserve	13	<b>616</b>	386
Revenue reserve	13	<b>(500)</b>	(374)
<b>Equity shareholders' funds</b>		<b>8,973</b>	8,869
<b>Net asset value (pence per share)</b>	14	<b>97.1</b>	96.0

The accompanying notes form an integral part of these financial statements.

The financial statements on pages 21 to 35 were approved by the Board of Directors on 1 April 2010.

Signed on behalf of the Board of Directors:



**Patrick McKenna**  
Chairman

## INGENIOUS LIVE VCT 2

### CASH FLOW STATEMENT

For the year ended 31 December 2009

	Note	2009 £'000	2008 £'000
<b>Net cash outflow from operating activities</b>		<b>(288)</b>	(190)
<b>Financial investments</b>			
Purchase of qualifying investments	7	<b>(3,203)</b>	(2,589)
<b>Net cash outflow from financial investments</b>		<b>(3,203)</b>	(2,589)
<b>Management of liquid resources</b>			
Purchase of non-qualifying investments	10	-	(2,536)
Disposal of non-qualifying investments	10	<b>3,492</b>	5,233
<b>Net cash inflow from liquid resources</b>		<b>3,492</b>	2,697
<b>Increase/(decrease) in cash</b>		<b>1</b>	(82)
<b>Reconciliation of profit before taxation to net cash flow from operating activities</b>			
		<b>£'000</b>	£'000
Profit on ordinary activities before taxation		<b>104</b>	33
Gain on investments	10	<b>(154)</b>	(87)
Increase in fair value of investments held	13	<b>(178)</b>	(141)
(Increase)/decrease in receivables		<b>(62)</b>	9
Increase/(decrease) in payables		<b>2</b>	(4)
<b>Net cash outflow from operating activities</b>		<b>(288)</b>	(190)
<b>Reconciliation of net cash flow to movement in net funds</b>			
		<b>£'000</b>	£'000
Opening cash balances		<b>92</b>	174
Net cash inflow/(outflow)		<b>1</b>	(82)
<b>Closing cash balances</b>		<b>93</b>	92

Total net funds is cash of £93k (2008: £92k) and non-qualifying investments of £2,598k (2008: £6,045k).

The accompanying notes form an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2009

**1. Accounting Policies****(a) Basis Of Accounting**

The financial statements for the year ended 31 December 2009 have been prepared in accordance 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" which was issued in January 2009.

The comparative figures are for the year, 1 January 2008 to 31 December 2008.

These financial statements have been prepared on the historical cost basis, except for the measurement at fair value of investments.

**(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.

*Investee Companies*

Unquoted investments including equity and loan investments are designated at fair value and 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 fair value. The investments are subsequently re-measured at fair value, as estimated by the Directors with prudence and good faith. 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 fair value for an investment, the Manager will apply a methodology that is appropriate in the 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
- 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 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 2009

#### 1. Accounting Policies (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 first live event 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 - Open Ended Investment Companies*

The Company's non-qualifying investments in interest bearing money market open ended investment companies (OEICs) are valued at fair value, this is bid price. They have been designated as fair value through profit and 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 as it accrues.

#### **(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; and
- 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.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2009

**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.

**2. Investment Income**

	<b>2009</b>	2008
	<b>£'000</b>	£'000
Bank deposit interest	<b>5</b>	8
Interest from OEICs	-	76
Dividend income from Qualifying Investments	<b>11</b>	-
Loan note interest from Qualifying Investments	<b>52</b>	-
	<b>68</b>	84

**3. Investment Management Fee**

	<b>2009</b>	<b>2009</b>	<b>2009</b>	2008	2008	2008
	<b>Revenue</b>	<b>Capital</b>	<b>Total</b>	Revenue	Capital	Total
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	£'000	£'000	£'000
Investment management fee	<b>89</b>	<b>89</b>	<b>178</b>	96	96	192
Reclaimed VAT	-	-	-	(16)	(16)	(32)
	<b>89</b>	<b>89</b>	<b>178</b>	80	80	160

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.

**4. Other Expenses**

	<b>2009</b>	<b>2009</b>	<b>2009</b>	2008	2008	2008
	<b>Revenue</b>	<b>Capital</b>	<b>Total</b>	Revenue	Capital	Total
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	£'000	£'000	£'000
Directors' remuneration (including employer's national insurance)	<b>31</b>	-	<b>31</b>	31	-	31
Auditors' remuneration						
- Audit fees	<b>13</b>	-	<b>13</b>	11	-	11
Legal & professional fees	<b>5</b>	<b>8</b>	<b>13</b>	7	11	18
Other administration expense	<b>43</b>	<b>4</b>	<b>47</b>	45	-	45
Irrecoverable VAT	<b>13</b>	<b>1</b>	<b>14</b>	12	2	14
	<b>105</b>	<b>13</b>	<b>118</b>	106	13	119

The Company is not registered for VAT. Fees payable to the Company's auditor for the audit of the Company's financial statements are £13k excluding VAT. Further details on the Directors' fee disclosures are given in the Directors' Remuneration Report.

## INGENIOUS LIVE VCT 2

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2009

#### 5. Tax Charge On Ordinary Activities

	2009 Revenue £'000	2009 Capital £'000	2009 Total £'000	2008 Revenue £'000	2008 Capital £'000	2008 Total £'000
Profit/(loss) on ordinary activities before tax	(126)	230	104	(178)	211	33
Profit/(loss) on ordinary activities by tax rate 28% (2008: 28.5%)	(35)	64	29	(51)	60	9
Adjustments:						
Non taxable gains on investments	-	(93)	(93)	-	(87)	(87)
Disallowed expenses	-	29	29	-	27	27
UK dividends not taxable	(3)	-	(3)	-	-	-
Unutilised losses for the current year	38	-	38	51	-	51
	-	-	-	-	-	-

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

At 31 December 2009 the Company had surplus management expenses of £582k (2008: £444k). A deferred tax asset has not been recognised in respect of these surplus management expenses as the Company has only been investing for a short period of time, and future taxable income can not 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.

#### 6. Basic And Diluted Return Per Share

	2009 Revenue £'000	2009 Capital £'000	2009 Total £'000	2008 Revenue £'000	2008 Capital £'000	2008 Total £'000
Profit/(loss) on ordinary activities after taxation	(126)	230	104	(178)	211	33
Weighted average shares in issue (number)	9,242,845	9,242,845	9,242,845	9,242,845	9,242,845	9,242,845
Profit/(loss) attributable per share (pence)	(1.4)	2.5	1.1	(1.9)	2.3	0.4

There are no dilutive potential ordinary 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.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2009

**7. Fixed Asset Investments**

	<b>2009</b>	2008
	<b>£'000</b>	£'000
Unquoted investments	<b>6,242</b>	2,752
Equity shares	<b>2,074</b>	826
Unsecured loan notes	<b>4,168</b>	1,926
	<b>6,242</b>	2,752

**Qualifying Investments**

	<b>£'000</b>	£'000
Opening valuation	<b>2,752</b>	163
Fair value adjustment	<b>287</b>	-
Purchases at cost	<b>3,203</b>	2,589
<b>Closing valuation</b>	<b>6,242</b>	2,752

**8. Significant Interests**

The Company has interests of greater than 10% of the nominal value of the allotted shares in the following Investee Companies incorporated in the United Kingdom as at 31 December 2009:

Trading Companies	% class and share type	% voting rights
Sounds Alive Limited	50.00% A Ordinary	50.00%
Annie Films Limited	24.95% A Ordinary	24.95%
Aurem Limited	24.95% A Ordinary	24.95%
Brand Events Live Limited	24.95% A Ordinary	24.95%
CFDT Limited	24.95% A Ordinary	24.95%
IR Productions Limited	24.95% A Ordinary	24.95%
Jetstream Events Limited	24.95% A Ordinary	24.95%
Taste Xmas Live Limited	24.95% A Ordinary	24.95%
Dance Floor Limited	12.48% A Ordinary	12.48%
Golfmania Limited	12.48% A Ordinary	12.48%
Into The Groove Limited	12.48% A Ordinary	12.48%

The investments made by the Company are part of its portfolio of investments and the table above includes all portfolio investments. As a VCT, the Company values those investments at fair value in accordance with FRS 26.

**9. Debtors**

	<b>2009</b>	2008
	<b>£'000</b>	£'000
Prepayments and accrued income	<b>68</b>	6

## INGENIOUS LIVE VCT 2

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2009

#### 10. Current Asset Investments

	2009	2008
	£'000	£'000
Funds held in listed money market instruments	<b>2,598</b>	6,045

#### Non-Qualifying Investments

	£'000	£'000
Opening valuation	<b>6,045</b>	8,514
Purchases at cost	-	2,536
Disposal proceeds	<b>(3,492)</b>	(5,233)
Realised gains on disposal	<b>154</b>	87
Unrealised change in value of investment	<b>(109)</b>	141
<b>Closing valuation</b>	<b>2,598</b>	6,045

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 securities and cash funds) until required for Qualifying Investment purposes.

#### 11. Creditors: Amounts Falling Due Within One Year

	2009	2008
	£'000	£'000
Trade creditors	<b>7</b>	-
Accruals and deferred income	<b>21</b>	26
	<b>28</b>	26

#### 12. Called-Up Share Capital

	2009	2008
	£'000	£'000
Authorised		
35,000,000 ordinary shares 1p each	<b>350</b>	350
Allotted, called-up and fully paid		
9,242,845 ordinary shares 1p each	<b>92</b>	92

The entire issued ordinary 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.

#### 13. Reserves

	Share premium	Other reserve	Capital reserve	Revenue reserve	Total reserves
	£'000	£'000	£'000	£'000	£'000
<b>At 1 January 2009</b>	4,383	4,382	386	(374)	8,777
Gain on disposal of investments	-	-	154	-	154
Increase in fair value of investments held	-	-	178	-	178
Investment income	-	-	-	68	68
Investment management fees	-	-	(89)	(89)	(178)
Other expenses	-	-	(13)	(105)	(118)
<b>At 31 December 2009</b>	4,383	4,382	616	(500)	8,881

The capital reserve includes realised investment holding gains of £111k and unrealised investment holding gains of £505k.

As an investment company under section 833 of the Companies Act 2006, the other reserve account is the only distributable reserve of the Company.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2009

**14. Net Asset Value Per Share**

	<b>2009</b>	2008
Net assets attributable to shareholders (£'000)	<b>8,973</b>	8,869
Shares in issue (number)	<b>9,242,845</b>	9,242,845
Net asset value per share (pence)	<b>97.1</b>	96.0

**15. 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 instruments. The Company holds financial assets in accordance with its investment policy.

Fixed asset investments (see note 7) are valued at fair value. For quoted securities included in current asset non-qualifying investments, this is bid 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**

		<b>2009</b>	2008
		<b>£'000</b>	£'000
Listed money market instruments (note 10)	Level 1	<b>2,598</b>	6,045
Unquoted investments (note 7)	Level 3	<b>6,242</b>	2,752
		<b>8,840</b>	8,797

The level 3 investments include net fair value gains of £287k in the current year (2008: nil), as disclosed in note 7.

In accordance with Financial Reporting Standard 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
- 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 on accounting policies.

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.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2009

**15. Financial Instruments And Risk Management (continued)**

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. 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 has 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 open ended investment companies (OEICs). This is the Non-Qualifying Investments amount on the Balance Sheet being £2,598k (2008: £6,045k). 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 2009 (31 December 2008: 2%).

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 date. All other variables are held constant.

	<b>31 December 2009</b>	31 December 2008
	<b>£ '000</b>	£ '000
	<b>+/- 50 basis points</b>	+/- 50 basis points
Impact on profit/(loss) on ordinary activities for the year before taxation and total equity	<b>14</b>	30

**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 £4,168k (2008: £1,926k) 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 £4,168k (2008: £1,926k) unsecured loan notes are the contractually agreed 70% of initial investments.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2009

**15. Financial Instruments And Risk Management (continued)****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.

**16. Contingencies, Guarantees And Financial Commitments**

There is currently interest income accruing on the unsecured loan note instruments at a rate of 1.5%, being 1% over the bank base rate which was 0.5% as at 31 December 2009 (2008: 2.0%), totalling £47k (2008: £48k). The repayment of this interest is not deemed recoverable based on current profits being derived by the Investee Companies, which currently can not be determined with any certainty, therefore the Directors have not recognised it in the financial statements.

**17. Related Party Transactions**

- a.** Ingenious Ventures Limited was the 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 and was a director of Ingenious Ventures Limited until 1 June 2009, which are both wholly owned subsidiaries within the Ingenious Group, which is controlled by Patrick McKenna.

Ingenious Ventures (the manager), in accordance with the management agreement, receives a management fee of 0.5% of the net asset value payable quarterly in advance. The manager also charges an administration fee of £18k per annum and irrecoverable VAT.

- b.** The funds invested in OEICs, are managed by Ingenious Asset Management Limited, a company of which Patrick McKenna is a director. Ingenious Asset Management Limited is a wholly owned subsidiary of Ingenious Media Limited which is controlled by Patrick McKenna. There is no fee associated with this transaction.
- c.** Patrick McKenna is a director and a shareholder of Ingenious Live VCT 1 plc, Ingenious Entertainment VCT 1 plc and Ingenious Entertainment VCT 2 plc. Andrew Morris is a director and a shareholder of Ingenious Live VCT 1 plc. The Company, Ingenious Live VCT 1 plc, Ingenious Entertainment VCT 1 plc and Ingenious Entertainment VCT 2 plc have jointly agreed with Brand Events Limited to form a new company, Golfmania Limited, to co-promote *O<sub>2</sub> Golf Live* in the UK. During the year the Company invested £275,000 for a total of 12.475% of the equity in Golfmania Limited. Ingenious Live VCT 1 plc, Ingenious Entertainment VCT 1 plc and Ingenious Entertainment VCT 2 plc each invested £275,000 for 12.475% of the equity in Golfmania Limited. Brand Events Limited holds 49.9% of the equity in Golfmania Limited. Brand Events Limited is a subsidiary of Brand Events Holdings Limited which is a subsidiary of Ingenious Media Active Capital Limited ("IMAC"), a company of which Patrick McKenna is a director. Ingenious Media Limited, a company which is controlled by Patrick McKenna, is also a shareholder of IMAC. Andrew Morris is a director and shareholder of Brand Events Holdings Limited. Ingenious Ventures is also the manager of IMAC.

## INGENIOUS LIVE VCT 2

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2009

#### 17. Related Party Transactions (continued)

- d.** Patrick McKenna and Andrew Morris are directors and shareholders of Ingenious Live VCT 1 plc. The Company and Ingenious Live VCT 1 plc have jointly agreed with Brand Events Limited to form a new company, Brand Events Live Limited, to co-promote the *Taste Festival* in London. During the year the Company invested £1,000,000 for a total of 24.95% of the equity in Brand Events Live Limited. Ingenious Live VCT 1 plc invested £1,000,000 for 24.95% of the equity in Brand Events Live Limited. Brand Events Limited holds 49.9% of the equity in Brand Events Live Limited. Brand Events Limited is a subsidiary of Brand Events Holdings Limited which is a subsidiary of Ingenious Media Active Capital Limited ("IMAC"), a company of which Patrick McKenna is a director. Ingenious Media Limited, a company which is controlled by Patrick McKenna, is also a shareholder of IMAC. Andrew Morris is a director and shareholder of Brand Events Holdings Limited. Ingenious Ventures is also the manager of IMAC.
- e.** Patrick McKenna and Andrew Morris are directors and shareholders of Ingenious Live VCT 1 plc. The Company and Ingenious Live VCT 1 plc formed a new company, Taste Xmas Live Limited, with Brand Events Limited, to co-promote the *Taste of Christmas* in London. In September 2008 the Company invested £902,488 for a total of 24.95% of the equity in Taste Xmas Live Limited. Ingenious Live VCT 1 plc invested £902,488 for 24.95% of the equity in Taste Xmas Live Limited. Brand Events Limited holds 49.9% of the equity in Taste Xmas Live Limited. Brand Events Limited is a subsidiary of Brand Events Holdings Limited which is a subsidiary of Ingenious Media Active Capital Limited ("IMAC"), a company of which Patrick McKenna is a director. Ingenious Media Limited, a company which is controlled by Patrick McKenna, is also a shareholder of IMAC. Andrew Morris is a director and shareholder of Brand Events Holdings Limited. Ingenious Ventures is also the manager of IMAC.
- f.** Patrick McKenna is a director and a shareholder of Ingenious Live VCT 1 plc, Ingenious Entertainment VCT 1 plc and Ingenious Entertainment VCT 2 plc. The Company, Ingenious Live VCT 1 plc, Ingenious Entertainment VCT 1 plc and Ingenious Entertainment VCT 2 plc have jointly agreed with Whizz Kid Entertainment Limited to form a new company, Dance Floor Limited, to co-produce *Let's Dance*. During the year the Company invested £500,000 for a total of 12.475% of the equity in Dance Floor Limited. Ingenious Live VCT 1 plc, Ingenious Entertainment VCT 1 plc and Ingenious Entertainment VCT 2 plc each invested £500,000 for 12.475% of the equity in Dance Floor Limited. Whizz Kid Entertainment Limited holds 49.9% of the equity in Dance Floor Limited. Whizz Kid Entertainment Limited is a subsidiary of Ingenious Media Active Capital Limited ("IMAC"), a company of which Patrick McKenna is a director. Ingenious Media Limited, a company which is controlled by Patrick McKenna, is also a shareholder of IMAC. Ingenious Ventures is also the manager of IMAC.
- g.** Patrick McKenna is a director and a shareholder of Ingenious Live VCT 1 plc, Ingenious Entertainment VCT 1 plc and Ingenious Entertainment VCT 2 plc. The Company, Ingenious Live VCT 1 plc, Ingenious Entertainment VCT 1 plc and Ingenious Entertainment VCT 2 plc formed a new company, Into The Groove Limited, to co-promote *80's Rewind*. In December 2008 the Company invested £272,598 for a total of 12.475% of the equity in Into The Groove Limited. Ingenious Live VCT 1 plc, Ingenious Entertainment VCT 1 plc and Ingenious Entertainment VCT 2 plc each invested £272,598 for 12.475% of the equity in Into The Groove Limited.
- h.** Patrick McKenna is a director and a shareholder of Ingenious Live VCT 1 plc. The Company and Ingenious Live VCT 1 plc formed a new company, Aurem Limited, to co-promote *Underage* and *Field Day Festivals*. During the year the Company invested a total of £175,000 in Aurem Limited bringing the total investment to £500,000 which represents 24.95% of the equity in Aurem Limited. Ingenious Live VCT 1 plc invested a total of £175,000 in Aurem Limited bringing the total investment to £500,000 which represents 24.95% of the equity in Aurem Limited.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2009

**17. Related Party Transactions (continued)**

- i. Patrick McKenna is a director and a shareholder of Ingenious Live VCT 1 plc. The Company and Ingenious Live VCT 1 plc formed a new company, CFDT Limited, to co-promote *Creamfields* day two. In July 2008 the Company invested a total of £850,000 for 24.95% of the equity in CFDT Limited. Ingenious Live VCT 1 plc invested £850,000 for 24.95% of the equity in CFDT Limited. C.I. Events Limited holds 49.9% of the equity in CFDT Limited. C.I. Events Limited is a wholly owned subsidiary of Cream Holdings Limited which is 46.9% owned by Ingenious Ventures Limited Partnership. Ingenious Ventures Limited Partnership is 90% owned by Ingenious Media Active Capital Limited ("IMAC"), a company of which Patrick McKenna is a director. Ingenious Media Limited, a company which is controlled by Patrick McKenna, is also a shareholder of IMAC and owns the remaining 10% in Ingenious Ventures Limited Partnership. Ingenious Ventures is also the manager of IMAC.
- j. Patrick McKenna is a director and a shareholder of Ingenious Live VCT 1 plc. The Company and Ingenious Live VCT 1 plc formed a new company, IR Productions Limited, to co-promote a music festival at Powderham Castle. In January 2008 the Company invested a total of £402,100 for 24.95% of the equity in IR Productions Limited. Ingenious Live VCT 1 plc invested £402,100 for 24.95% of the equity in IR Productions Limited.
- k. Patrick McKenna is a director and a shareholder of Ingenious Live VCT 1 plc. The Company and Ingenious Live VCT 1 plc have jointly agreed to form a new company, Annie Films Limited, to co-produce *Annie Get Your Gun* at the Young Vic. During the year the Company invested a total of £252,500 for 24.95% of the equity in Annie Films Limited. Ingenious Live VCT 1 plc invested £252,500 for 24.95% of the equity in Annie Films Limited. Patrick McKenna is a director and chairman of the Young Vic Company.
- l. Patrick McKenna and Paul Gregg are directors and shareholders of Ingenious Live VCT 1 plc. The Company and Ingenious Live VCT 1 plc have jointly agreed to form a new company, Jetstream Events Limited, to co-promote events at the open air theatre in Scarborough. During the year the Company invested a total of £1,000,000 for 24.95% of the equity in Jetstream Events Limited. Ingenious Live VCT 1 plc invested £1,000,000 for 24.95% of the equity in Jetstream Events Limited. The event is co-promoted with Apollo Resorts and Leisure Scarborough Limited. Apollo Resorts and Leisure Scarborough Limited is a wholly owned subsidiary of Apollo Resorts and Leisure Limited. Paul Gregg is a director and shareholder of Apollo Resorts and Leisure Limited.
- m. Patrick McKenna is a director and chairman of The Young Vic Company (a registered charity) which holds 0.2% of the equity of Golfmania Limited, Brand Events Live Limited, Taste Xmas Live Limited, Dance Floor Limited, Into The Groove Limited, Aurem Limited, CFDT Limited, IR Productions Limited, Annie Films Limited and Jetstream Events Limited.

During the Reporting Period the Company has carried out a number of transactions with the above-mentioned related parties in the normal course of the business and on an arm's length basis:

Entity	Note	2009 Expenditure paid £'000	2009 Amounts due £'000	2008 Expenditure paid/(receivable) £'000	2008 Amounts due £'000
Ingenious Ventures Limited					
- Investment management fee	a	-	-	52	-
- Administration fee	a	-	-	5	-
- VAT reclaimed on Management and Administration fee	a	-	-	(26)	-
Ingenious Asset Management Limited					
- Investment management fee	a	178	-	140	-
- Administration fee	a	18	-	14	-
- Irrecoverable VAT	a	8	3	-	-
- VAT reclaimed on Management and Administration fee	a	-	-	(8)	-

## INGENIOUS LIVE VCT 2

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2009

#### 17. Related Party Transactions (continued)

##### Transactions Between Related Parties

- a. Ingenious Media Consulting Limited, a company of which Patrick McKenna was a director during the year and 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 Investee Companies to provide management services. For the provision of such services, consulting fees totalling £242k including VAT (2008: £151k) have been invoiced in the year, £39k of which remains outstanding as at 31 December 2009 (2008: £10k).

#### 18. Events After The Balance Sheet Date

- a. The Company invested a further £74k in Into The Groove Limited on 27 January 2010.
- b. IR Productions Limited repaid £74k of unsecured loan notes on 29 January 2010.
- c. The Company declared an interim dividend of 7.0 pence per ordinary share on 22 March 2010. It has been proposed that the dividend is paid on 13 April 2010.

#### 19. 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 2009 was £8,973k (2008: £8,869k).

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 or the capital structure of the business from the previous period.

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

- As a public company Ingenious Live VCT 2 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.

## SHAREHOLDER INFORMATION

### 1. Share Price

All of the Shares have been admitted to trading on the LSE.

### 2. Share Trading

Shares can be bought and sold in the same way as any other quoted company on the LSE via a stockbroker. The primary market maker for the Shares is Brewin Dolphin.

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 page 37 but is subject to resolution 5 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 Team

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 Investor Relations Team below or your usual Ingenious contact.

Simon Bentley

Tel.: +44 (0) 207 319 4000

Fax: +44 (0) 207 319 4001

Email: [enquiries@ingeniousmedia.co.uk](mailto:enquiries@ingeniousmedia.co.uk)

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

## INGENIOUS LIVE VCT 2

### NOTICE OF ANNUAL GENERAL MEETING

#### INGENIOUS LIVE VCT 2 PLC

(Incorporated in England and Wales under the Companies Act 1985 with registered number 5943531)

(the **Company**)

**NOTICE IS HEREBY GIVEN THAT** the third Annual General Meeting (the **AGM**) of Ingenious Live VCT 2 plc will be held at 2.15pm on Thursday, 13 May 2010 at 15 Golden Square, London W1F 9JG for the following purposes:

To consider and, if thought fit, pass resolutions 1 to 4 and 6 to 7 as ordinary resolutions and resolution 5 as a special resolution.

#### **Annual Report And Accounts**

1. To receive and consider the Company's Annual Report and Accounts for the year ended 31 December 2009.

#### **Directors' Remuneration Report**

2. THAT the Directors' Remuneration Report for the year ended 31 December 2009 be and is hereby approved.

#### **Re-Election Of Directors**

3. THAT Patrick McKenna, be and is hereby re-elected as a non-executive director in accordance with Listing Rule 15.2.13A.
4. THAT Piers Gregson, who retires by rotation in accordance with the Company's articles of association, be and is hereby re-elected as a non-executive director.

#### **Share Buy-Backs**

5. 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 **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 HM Revenue & Customs requirements;
  - (b) the aggregate maximum number of Shares authorised to be purchased pursuant to this resolution shall not exceed 14.99% of the issued ordinary share capital of the Company;
  - (c) the price paid shall not be:
    - (i) less than 1p per Share;
    - (ii) more than 5% above the average market value of a Share in the Company for the five business days prior to the day the purchase is made;
    - (iii) more than the net asset value per 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 Annual General Meeting. The Company may, before the expiry of such authority, conclude contracts to purchase Shares which will or may be completed wholly or partly after the expiry of such authority and may make purchases of Shares in pursuance of any such contracts as if the authority hereby conferred had not expired.

**Auditors**

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

Dated: 1 April 2010

Registered Office:  
15 Golden Square  
London W1F 9JG

By order of the Board  
**Sarah Cruickshank**  
Company Secretary  
Ingenious Live VCT 2 plc

Information regarding the AGM including the information required by section 311A of the Act is available from [www.ingeniousvcts.co.uk](http://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 2.15pm on 11 May 2010 (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 notarially 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](mailto:ingenious@davidvenus.com) in each case by no later than 48 hours (excluding weekends and 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 Members**

- (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.

## INGENIOUS LIVE VCT 2

### 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](mailto: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 And Total Voting Rights

- (h) As at close of business on 25 March 2010, the Company's issued nominal share capital comprised 9,242,845 Shares. The total number of voting rights in the Company is 9,242,845. The website referred to above will include information on the number of Shares and voting rights.

### 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 directors of the Company are available for inspection by any person at the Registered Office of the Company on each business day during normal business hours 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.

### 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.

## **ADDITIONAL INFORMATION RELATING TO THE AGM**

In compliance with the Combined 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 & Accounts*

The Shareholders will be asked to resolve to receive the Annual Report & Accounts for the year ended 31 December 2009.

### *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 2009 which can be found on pages 14 to 15.

### *Resolutions 3 and 4 – Re-Election of Non-Executive Directors*

Patrick McKenna and Piers Gregson 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 that the director of the Manager to stand for annual re-election by Shareholders. Piers Gregson is retiring in accordance with the Company’s articles of association. Biographical details of all the Directors can be found on page 7.

### *Resolution 5 – Share Buy-Backs*

This resolution seeks authority for the Company to make market purchases of its own Shares pursuant to section 701 of the Act and is proposed as a special resolution. Pursuant to the Company’s articles of association, the Company would be authorised to make market purchases of an amount up to 14.99% of the issued ordinary share capital of the Company 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.

This authority will expire on the earlier of 15 months from the passing of this resolution or at 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 this special resolution in order to extend the authority. Subject to this resolution 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 HM Revenue & Customs.

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.

## **INGENIOUS LIVE VCT 2**

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 6 and 7 – 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 auditors 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.

**PROXY FORM**

**ANNUAL GENERAL MEETING 13 MAY 2010**

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

	Notes
Name: (full) <input style="width: 95%;" type="text"/>	
Address: (full) <input style="width: 95%;" type="text"/>	
Postcode: <input style="width: 80%;" type="text"/>	
<p>I/we the abovementioned shareholder(s) of Ingenious Live VCT 2 plc, hereby appoint the Chairman of the Annual General Meeting  <i>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 as your proxy below (note that a proxy need not be a shareholder of the Company, but must attend the meeting in person):</i></p>	
Name: (full) <input style="width: 95%;" type="text"/>	1
Address: (full) <input style="width: 95%;" type="text"/>	
Postcode: <input style="width: 80%;" type="text"/>	
<p>as my/our proxy to vote in my/our name(s) and on my/our behalf at the Annual General Meeting of Ingenious Live VCT 2 plc to be held at 2.15pm on 13 May 2010 at 15 Golden Square London W1F 9JG and at any adjournment thereof.</p>	

	For	Against	Withheld	2
1. To receive and consider the Company's Annual Report and Accounts for the year ended 31 December 2009 ( <i>ordinary resolution</i> )	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
2. To approve the Directors' Remuneration Report as set out in the 2009 Annual Report & Accounts ( <i>ordinary resolution</i> )	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3. That Patrick McKenna, be and is hereby re-elected as a non-executive director ( <i>ordinary resolution</i> )	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4. That Piers Gregson be and is hereby re-elected as a non-executive director ( <i>ordinary resolution</i> )	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
5. To approve the Company's authority to make market purchases of Shares ( <i>special resolution</i> )	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
6. To approve the re-appointment of Grant Thornton UK LLP as auditors to the Company ( <i>ordinary resolution</i> )	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
7. To approve the Directors' authority to agree the remuneration of Grant Thornton UK LLP ( <i>ordinary resolution</i> )	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Shareholder signature: <input style="width: 95%;" type="text"/>	3
Date: <input style="width: 95%;" type="text"/>	

**NOTES**

- 1 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 319 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.
- 2 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 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.**
- 3 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.
- 4 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, SLC Registrars, Thames House, Portsmouth Road, Esher, Surrey. KT10 9AD or electronically at [ingenious@davidvenus.com](mailto:ingenious@davidvenus.com). This Proxy Form must be received by SLC 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.**

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## DEFINITIONS

The following definitions apply throughout these Annual Report & 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 13 May 2010 as convened by the Notice.

### **Annual Report & Accounts**

These annual report & accounts of the Company for the year ending 31 December 2009.

### **Articles**

The Company's articles of association.

### **Board**

The Company's board of directors from time to time.

### **Combined Code**

Combined Code on Corporate Governance 2008.

### **Company**

Ingenious Live VCT 2 plc.

### **Directors**

Directors of the Company from time to time.

### **Event**

Live or interactive events for consumers or businesses, of which examples are given in paragraph 1 of Part 5 of the Prospectus.

### **FRS**

Financial Reporting Standard.

### **FSA**

Financial Services Authority.

### **Grant Thornton**

Grant Thornton UK LLP.

### **ICTA**

Income & Corporation Taxes Act 1988.

### **ITA**

Income Tax Act 2007.

### **Ingenious or Ingenious Group**

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

### **Ingenious Consulting**

Ingenious Media Consulting Limited.

### **Ingenious Entertainment VCTs**

Ingenious Entertainment VCT 1 plc and Ingenious Entertainment VCT 2 plc.

### **Ingenious Investments**

Ingenious Media Investments Limited.

### **Ingenious Live VCTs**

Ingenious Live VCT 1 plc and Ingenious Live VCT 2 plc.

### **Ingenious Ventures**

Ingenious Ventures, a trading division of Ingenious Asset Management Limited.

### **IMAC**

Ingenious Media Active Capital Limited.

### **Investee Company or Investee Companies**

A company in which the VCT will invest.

### **IVLP**

Ingenious Ventures Limited Partnership.

### **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 37 to 39.

### **Offer**

The Company's offer to the public to subscribe for up to 35 million Shares at an issue price of 100p per Share launched on 8 November 2006.

### **Prospectus**

The prospectus published by the Company on 7 November 2006 in connection with the Offer.

### **PwC**

PricewaterhouseCoopers LLP.

### **Qualifying Company**

An unquoted company carrying on a trade wholly or mainly in the United Kingdom which satisfies certain other conditions as defined in schedule 28B of the ICTA and which meets the criteria to be a qualifying holding for the purpose of that schedule.

### **Qualifying Investment or Qualifying Companies**

An investment by a VCT in a Qualifying Company.

### **Shares**

Ordinary shares of 1p each in the share capital of the Company.

### **Shareholder or Shareholders**

Holder or Holders of Shares.

### **SORP**

Has the meaning given to it on page 24.

### **VCT**

A company approved by HM Revenue & Customs as a venture capital trust under section 274 of the ITA.

In these annual report & 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 & accounts.









