

INGENIOUS LIVE VCT 1

ANNUAL REPORT & ACCOUNTS
For the year ended
31 December 2010



WE ARE **INGENIOUS**

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INGENIOUS LIVE VCT 1

CORPORATE INFORMATION

The Company	Ingenious Live VCT 1 plc
Directors	Tim Clark* (appointed Chairman 16 November 2010) Patrick McKenna Piers Gregson* Andrew Morris* (resigned 16 November 2010) Paul Gregg* (resigned 5 October 2010)
Company Secretary	Sarah Cruickshank
Registered Office	15 Golden Square London W1F 9JG
Company Number	5943513
Investment Manager and Administrator	Ingenious Ventures** 15 Golden Square London W1F 9JG
Auditors	Grant Thornton UK LLP Grant Thornton House Melton Street Euston Square London NW1 2EP
Taxation Advisers	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Registrar	SLC Registrars Thames House Portsmouth Road Esher Surrey KT10 9AD Tel: 01372 467 308
Sponsor and Stockbroker	Brewin Dolphin Securities Limited 34 Lisbon Street Leeds LS1 4LX

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

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

CHAIRMAN'S STATEMENT

I am delighted to present the Company's fourth Annual Report and Accounts covering the year to 31 December 2010 (the **Reporting Period**).

Overview of Activities

The Company has now completed its investment strategy and is fully invested under the VCT regulations and it will now continue to focus upon maximising the returns from these investments. The Company is pleased to announce that 2010 followed on from the successes of the previous year, indicating that the strategy of identifying investments which provide both annual profits and increased capital value continues to deliver commercial success.

I am pleased to report that the Company enjoyed another successful summer season with its three main festivals all delivering strong profits.

Creamfields sold out for the second year in a row with an increased attendance from 30,000 to 40,000 per day. The *80s Rewind Festival* had an exceptionally strong second year and also saw record attendances in 2010. *Underage and Field Day* had a solid third year.

The *80s Rewind Tour* performed below expectations, although the Company remains confident in terms of the overall strategy for the *80s Rewind* brand.

Results

The Company made a profit on ordinary activities of £89,000 in the year to 31 December 2010 (2009: profit of £104,000).

The net asset value per share is 91.0 pence (31 December 2009: 97.1 pence) although this is after the deduction of the interim dividend paid during the year of 7.0 pence per share.

The Directors do not recommend the payment of a final dividend in respect of the Reporting Period.

Outlook

Now four years old, we believe that the Company has a strong portfolio of investments and has the potential to deliver significant upside from its equity interests. It continues to maintain downside protection through its minimum revenue arrangements.

Following the end of the financial year the Company declared an interim dividend of 7.0 pence per share for the year to 31 December 2011. The dividend was paid on 11 February 2011.

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 18 May 2011.



Tim Clark

Chairman

7 April 2011

INGENIOUS LIVE VCT 1

MANAGER'S REVIEW

Investment Objective

The Company's main objective is to invest in a portfolio of live event companies engaged in the production of new and established events providing Shareholders with an attractive return. This strategy will aim to maximise the opportunities for making tax-free dividends to Shareholders from both the actual income received and capital profits on the sale of the Investee Companies or their assets.

The Company has been fully invested since December 2009 and the Manager continues to 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.

Festivals

Creamfields

Investment amount: £850,000 (£1,700,000 across the Ingenious Live VCTs).

The success of *Creamfields* in 2009 was highlighted when the event won 'Best Festival' at the 2010 *Music Week Awards*, beating festivals including Glastonbury, Reading and Leeds. The 2010 event took place on the weekend of 28 and 29 August and delivered strong profitability for the Company as a result of the two-day dance music festival expanding in size from a 30,000 to a 40,000 per day capacity. *Creamfields* is now widely regarded as the leading dance festival in the UK.

We are confident that 2011 will bring further expansion in capacity as well as increased profitability over the bank holiday weekend in August 2011. Based in Cheshire, *Creamfields* has in previous years boasted an electrifying line up including the world famous *David Guetta*, *Swedish House Mafia*, *DeadMau5*, *Calvin Harris*, *Tiesto*, *Eric Prydz* and *Laidback Luke*.

Ticket sales for this year's event are already well ahead of last year and we are confident that the festival will sell out in advance for the third year running. This should generate further returns to the Company and additional information will be provided in the full year accounts to 31 December 2011.

80s Rewind Festival & 80s Rewind Tour

Investment amount (*80s Rewind Festival*): £346,348 (£692,696 across the Ingenious Live VCTs, and £545,196 across the Ingenious Entertainment VCTs).

Investment amount (*80s Rewind Tour*): £328,350 (£656,700 across the Ingenious Live VCTs).

In its second year, the *80s Rewind Festival* held in August 2010 experienced an impressive increase in attendance figures across both days from 23,000 in 2009 to over 35,000 in 2010. Highlights included performances from *Boy George*, *Tony Hadley*, *Go West* and *Rick Astley*. As expected, the event proved profitable and as a result of its success and in order to raise more brand awareness across the Christmas period, the Ingenious Live VCTs also agreed to invest in the *80s Rewind Tour*, which visited major cities across the UK. Even though this event performed below expectations, there is now international interest in licensing the brand for events outside the UK, in locations such as Holland, South Africa and Australia.

As a result of this strong performance, the Company remains confident that *80s Rewind* will continue to perform strongly in the future. Tickets for the 2011 event are already on sale and have surpassed the target number of sales expected at this stage. The festival will be held between 19 and 21 August and will host an impressive line up including *The Human League*, *Holly Johnson*, *Billy Ocean* and *Ali Campbell's UB40*, along with many more.

Underage and Field Day Festivals

Investment amount: £500,000 (£1,000,000 across the Ingenious Live VCTs).

This year the event continued to move from strength to strength with 2010 boasting an impressive line-up featuring artists such as *M.I.A.*, *Tinie Tempah*, *Tinchy Stryder*, *Ellie Goulding* and *Crystal Castles*. Following four successful years the event has firmly established its market niche as the summer music event for 13 to 17 year olds.

MANAGER'S REVIEW (CONTINUED)**Festivals (continued)***Underage and Field Day Festivals (continued)*

Meanwhile, *Field Day*, which is well established as the leading alternative music festival in London, featured exciting and dynamic performances from *Phoenix*, *Moderat* and *The Fall*. The 2010 events delivered a good profit for the Company. *Field Day* and *Underage* attracted over 28,000 people across the weekend.

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

Exhibitions*Brand Events - Taste of Christmas and the Taste Festivals*

Investment amount (*Taste of Christmas*): £902,489 (£1,804,978 across the Ingenious Live VCTs).

Taste of Christmas, the festive food and drink event returned for the third year to the ExCel Centre in London during December 2010 and attracted over 20,000 people. Despite the severe weather conditions, the exhibition was extremely well attended and as a result, the event became profitable for the first time in 2010. A high proportion of exhibitors and sponsors have already signed up for the next exhibition to be held in December 2011, which will once again inspire and educate consumers while offering them the very best in food shopping, fine wines and access to celebrity chefs.

Investment amount (*Taste Festivals*): £1,000,000 (£2,000,000 across the Ingenious Live VCTs).

The *Taste Festivals* are established as successful outdoor food and wine events featuring a number of famous chefs including *Gary Rhodes*, *Michel Roux Jr*, *Giorgio Locatelli* and *Theo Randall* who serve up their signature dishes for the public to taste. The London event took place in Regent's Park between 17 and 20 June 2010, whilst the Edinburgh event was held in Inverleith Park between 28 and 29 May 2010.

Taste of London is the jewel in the *Taste Festivals*' crown, attracting 50,000 visitors to Regent's Park every year. *Taste Festivals* have set a new benchmark for food and drink events worldwide with 13 *Taste Festivals* now being hosted around the world including Dublin, Cape Town, Sydney and Dubai. The investment generated a small profit to the Company.

Taste of London returns to Regent's Park between 16 and 19 June 2011.

O₂ Golf Live

Investment amount: £275,000 (£1,100,000 across the Ingenious Live VCTs and the Ingenious Entertainment VCTs).

O₂ Golf Live is a new three-day interactive golf event which was staged at Stoke Park in Buckinghamshire between 14 and 16 May 2010. *O₂ Golf Live* returns in 2011 and will be held at the prestigious London Golf Club in Kent from 20 to 22 May. In conjunction with our co-promoters Brand Events and IMG, the event will again be hosted by last year's Ryder Cup captain, *Colin Montgomerie*. The 2010 event was described by those who attended as the most exciting and dynamic event to be added to the golfing calendar.

IMG invested into the event as an equity partner giving Brand Events access to worldwide sporting talent. IMG Worldwide is a global sports, fashion and media business and is excited to be working with Brand Events, who together aim to roll the event out to further prestigious golf courses around the world. O₂, Jaguar and the European Tour were amongst the partners for the initial UK launch and have all agreed to continue to sponsor and support the event in 2011.

The event made a loss in the first year, however it was extremely well received by both the corporate partners and the paying public. Sponsorship and exhibitor income are already ahead of this year's budget and 2011 ticket sales are also ahead of where they were in 2010. Both Brand Events and IMG are confident that the event will move into profit in 2011, building on the significant brand awareness that was created in its first year.

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MANAGER'S REVIEW (CONTINUED)

Live Venues

Scarborough Open Air Theatre

Investment amount: £1,000,000 (£4,000,000 across the Ingenious Live VCTs and the Ingenious Entertainment VCTs).

The Ingenious Live VCTs along with Apollo Resorts and Leisure Scarborough joined forces to co-promote a new venue in 2009 known as the *Scarborough Open Air Theatre*. The theatre was originally opened in 1932 and in 2009 Scarborough Council entered into a major restoration programme as part of the North Bay Project to reinstate the theatre, reopening it to the public in 2010.

Scarborough is now the largest open air theatre in Europe. It was opened by the Queen on 20 May 2010 and this ceremony was followed by a series of sell out events throughout the summer season. These included the Gala Opening with performances by *José Carreras* and *Dame Kiri Te Kanawa* as well as the *80s Rewind* concert, which included performances from *Boy George*, *Rick Astley* and *Paul Young*.

The second half of the season showcased an impressive range of events, which included a number of shows by *Justin Fletcher*, the Bafta award winning children's presenter and star of *CBeebies*. This new venue also hosted some less successful events, which meant that in its opening year Scarborough did not generate a profit. Nonetheless, following the encouraging reception Scarborough received in its first year, we are confident that this venue will move into profit in 2011.

Television Format

Let's Dance

Investment amount: £500,000 (£2,000,000 across the Ingenious Live VCTs and the Ingenious Entertainment VCTs).

Originally commissioned by the BBC for Comic Relief in 2009 and Sport Relief in 2010, the TV format *Let's Dance* is the celebrity packed dance spectacular which sees well known celebrities such as *Rufus Hound* and *Jo Brand* pay homage to some of the world's most iconic dance routines in front of a live audience. *Let's Dance* has started its international roll-out with deals in Russia, Holland, Germany, Slovakia, Indonesia and Sweden.

In 2010 the show had a peak audience of over eight million viewers and as a result, the programme was recommissioned in 2011 for the third year, once again in conjunction with Comic Relief. The series aired during its usual prime time TV slot on BBC One on Saturday 19 February 2011. The series ran over four weeks, featured three heats and culminated in a spectacular final dance off on Red Nose Day weekend.

Outlook

The economic environment continues to challenge the Company as a whole, however we are pleased to report that the live events sector has performed resiliently in the downturn and we anticipate that the expansion of the digital media sector will also create new markets for content creators.

Our business model is effective and we believe this is crucial in order to stay ahead of the competition and produce successful global brands. We aim to continue to raise the profile of the Company's investments and to enhance their profitability which enables the Company to achieve its investment strategy.

All our investments are backed by management teams with vast experience in the live events sector. Examples include Brand Events, the event production company behind *Taste of Christmas* and all the *Taste Festivals* and *Whizz Kid* who have experience in producing top quality programmes across a wide-range of genres including factual entertainment; events and music such as *Let's Dance* and *The Orange British Academy Film Awards*.

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

7 April 2011

BOARD OF DIRECTORS**Tim Clark (Chairman), 65**

Tim is a founding partner, along with David Enthoven, of ie:music, the artist management company that represents *Archive*, *The Asteroids Galaxy Tour*, *Ladyhawke*, *Jimmy Page*, *Robbie Williams*, and *Passenger* as well as recently expanding their base to invest in ie:dance (DJs *Judge Jules*, *Sander Van Doorn* and *Simon Patterson*) and This is Music (*A-Trak*, *Findlay Brown*, *Little Boots* and *Simian Mobile Disco*).

He started his career at Island Records, the label founded by Chris Blackwell and has worked with some of the greatest artists of the past 45 years, including *Bob Marley*, *Free*, *King Crimson*, *Nick Drake*, *Roxy Music*, *Cat Stevens*, *Massive Attack* and *Robbie Williams*.

Tim is widely respected throughout the music industry for his innovative approach to music management and his support of digital media.

Piers Martin Gregson, 68

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.

Patrick McKenna, 54

Patrick is one of the leading figures in the creative industries and is the founder and Chief Executive of Ingenious. He started his career in the accountancy profession and was 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 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.

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DIRECTORS' REPORT

The Directors submit their Annual Report and Accounts for the year from 1 January 2010 to 31 December 2010.

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 current Directors and their respective biographies are set out on page 6. All Directors served during all or part of the year.

As at 31 December 2010, 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 2010	% of issued ordinary share capital
Patrick McKenna*	203,201	2.2
Piers Gregson	20,320	0.2
Tim Clark (appointed 16 November 2010)	-	-
Andrew Morris (resigned 16 November 2010)	7,500	0.1
Paul Gregg (resigned 5 October 2010)	50,801	0.5
Total	281,822	3.0

* Includes 101,600 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 2010 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 entity had an interest of 3% or more of the issued share capital of the Company.

	Number of ordinary shares	% of issued share capital
Cazenove Capital Management Limited	1,481,325	16.0

4. Capital

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

DIRECTORS' REPORT (CONTINUED)**5. VCT Status Monitoring**

The Company has appointed PricewaterhouseCoopers LLP to advise it on compliance with relevant VCT legislation. PricewaterhouseCoopers LLP advises on proposed investments and regularly reviews the Company's investment portfolio. PricewaterhouseCoopers LLP 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 zero trade creditor days of the Company as at 31 December 2010 (31 December 2009: nine). 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, as novated on 28 February 2008, 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) amounting to £19k as at 31 December 2010 (2009: £18k).

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

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 36 to 38. Additional information relating to the AGM and the resolutions to be considered by Shareholders can be found on pages 39 and 40.

13. Business Review

The Directors have included their business review on pages 11 and 12.

14. Corporate Governance Report

The Directors have included their corporate governance report on pages 15 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 Statement

The Directors are responsible for preparing the Directors' 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 the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that period.

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

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

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

In so far as each of the Directors is aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

DIRECTORS' REPORT (CONTINUED)

16. Directors' Responsibilities Statement (continued)

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 it faces.

Signed on behalf of the Board of Directors:



Tim Clark

Chairman

7 April 2011

INGENIOUS LIVE VCT 1

BUSINESS REVIEW

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

1. Strategy for Achieving Objectives

Ingenious Live VCT 1 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 Agreement.

The Manager's review on pages 3 to 5 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 75% 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 £1 million 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 2010 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 75% 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 exempt 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, and 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 75% 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 15 to 18.

4. Key Performance Indicators (KPIs)

The primary KPI 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 5.

DIRECTORS' REMUNERATION REPORT

This report has been prepared by the Directors in accordance with the requirements of Chapter 6 of Part 15 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.

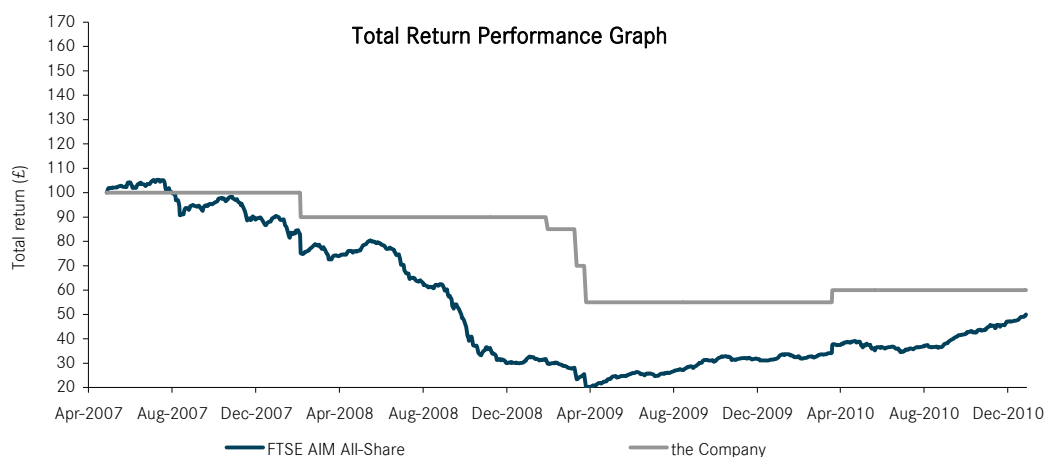
2. Appointment Letters

Each Director has executed an appointment letter which provides that he is to receive an annual fee, which is £15,000 per annum for Piers Gregson and Tim Clark and £7,500 for Patrick McKenna and is 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.



DIRECTORS' REMUNERATION REPORT (CONTINUED)**4. Directors' Remuneration**

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

Director	Year ended 31 December 2010 Fees £'000	Year ended 31 December 2009 Fees £'000
Patrick McKenna	7.5	7.5
Piers Gregson	8.4	7.5
Tim Clark (appointed 16 November 2010)	1.9	-
Paul Gregg (resigned 5 October 2010)	5.7	7.5
Andrew Morris (resigned 16 November 2010)	6.6	7.5
	30.1	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 2010. In respect of the year ended 31 December 2010, 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
7 April 2011

Registered office:
15 Golden Square
London
W1F 9JG

Company Registration Number: 5943513 (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 on Corporate Governance 2008 (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.

A copy of the Combined Code on Corporate Governance 2008 can be obtained from the website of the Financial Reporting Council at: www.frc.org.uk/corporate/ukcgcode.cfm

1. Board Composition

The Board consists of three Directors: Tim Clark (Chairman); Piers Gregson; and Patrick McKenna. Piers Gregson and Tim Clark are considered to be independent in accordance with the Listing Rules and the Combined Code.

Patrick McKenna is not considered to be independent as he is a director of the Manager and is also a director of Ingenious Live VCT 2 plc, Ingenious Entertainment VCT 1 plc and Ingenious Entertainment VCT 2 plc to which the Manager also acts as investment manager. As a non-independent Director, Patrick McKenna will stand for re-election at the 2011 AGM of the Company as required by Listing Rule 15.2.13A.

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

Biographical details of each of the Directors can be found on page 6.

2. Board Appointments and Tenure

Tim Clark joined the Board in November 2010. His appointment was approved by the Board as a whole following a recommendation by the Manager which completed a review of its extensive network of contacts in the media industry. As detailed in his biography on page 6, Tim has a wealth of relevant experience which he brings to the Board. Due to the specialised nature of the Company's investment policy, it was not felt necessary to engage the services of an external search consultancy firm or to advertise during the appointment process.

Each of the independent Directors has been appointed for an initial term of six years and is subject to regular re-election by Shareholders in accordance with the articles of association of the Company. Patrick McKenna was appointed for an initial term of six years commencing November 2006 and is subject to annual re-election by Shareholders. Each Director's appointment may be terminated on one month's written notice being given by the Company. Patrick McKenna is the longest serving Director, having served for a period of four years.

In accordance with the relevant requirements of the Company's articles of association, the Listing Rules and the Combined Code, Patrick McKenna and Tim Clark will seek re-election at the 2011 AGM. The Directors' terms of appointment may be inspected by Shareholders at the Company's registered office during normal business hours and at the AGM of the Company. The Board does not believe that length of service necessarily affects a Director's independence of character or judgement, but will continue to review its policy on tenure throughout the life of the Company.

To date, no formal performance evaluation of the Directors or the Board has been undertaken. Specific performance issues will be dealt with as and when they arise. No performance issues arose during the year under review and the Board considers that the individual performance of each of the Directors continues to be effective. 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.

CORPORATE GOVERNANCE REPORT (CONTINUED)**2. Board Appointments and Tenure (continued)**

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

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	3	5
Paul Gregg	4	5
Piers Gregson	5	5
Andrew Morris	2	5
Tim Clark	0	0

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 of two independent Directors; Piers Gregson (Chairman) and Tim Clark. The audit committee has defined terms of reference and duties. The audit committee meets at least twice a year. The Board has satisfied itself that at least one member of the audit committee has recent and relevant financial experience.

The audit committee is responsible for reviewing the half-yearly and annual accounts before they are presented to the Board, the terms of appointment and independence of the 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.

CORPORATE GOVERNANCE REPORT (CONTINUED)

5. Board Committees (continued)

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

	Attended	Possible
Paul Gregg	2	2
Piers Gregson	2	2
Andrew Morris	0	2
Tim Clark	0	0

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 18 May 2011, 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.

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 at board meetings held at least four times a year;
- the Manager monitors the qualifying status of each qualifying holding in conjunction with PwC who report to the Board annually on the Company's VCT status (with an interim monitoring report being provided to the Board by the Manager) and advise on each investment proposal as appropriate; and
- the Manager continuously monitors the Company's progress and promptly informs the Board of any material developments as and when they occur.

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

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

CORPORATE GOVERNANCE REPORT (CONTINUED)**8. Internal Audit Function**

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

9. Authority to Make Market Purchases of Shares

By a special resolution of the Company passed at an annual general meeting of the Company held on 13 May 2010, the Company was 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 up to 14.99% of the issued Ordinary share capital. The price paid must not be less than 1p per share nor more than the net asset value per share nor more than 5% above the average market value of a share in the Company for the five business days prior to the day the purchase is made.

The authority expires at the conclusion of the 2011 annual general meeting and renewal of the authority will be sought at that meeting.

10. Share Capital

Details of the Company's share capital and substantial shareholdings can be found in note 12 to the financial statements and in the Directors' Report on pages 7 to 10.

11. 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.

12. Auditor Independence

The audit committee and Board regularly review and monitor the independence and effectiveness of the Company's auditors, Grant Thornton UK LLP. Grant Thornton UK LLP did not provide any non-audit services to the Company during the year.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF INGENIOUS LIVE VCT 1 PLC

We have audited the financial statements of Ingenious Live VCT 1 plc for the year ended 31 December 2010 which comprise the Income Statement, the Reconciliation of Movement in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement 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 on pages 9 and 10, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

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

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Accounting Standards (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;
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Report set out on pages 15 to 18 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF INGENIOUS LIVE VCT 1 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 Corporate Governance Report, set out on page 18 in relation to going concern;
- the part of the Corporate Governance Report relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review; and
- certain elements of the report to the Shareholders by the Board on Directors' remuneration.

Grant Thornton UK LLP

Mark Cardiff

Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
7 April 2011

INGENIOUS LIVE VCT 1

INCOME STATEMENT

for the year ended 31 December 2010

	Note	2010 Revenue £'000	2010 Capital £'000	2010 Total £'000	2009 Revenue £'000	2009 Capital £'000	2009 Total £'000
Gain on disposal of investments		-	63	63	-	154	154
(Decrease)/increase in fair value of investments held		-	(111)	(111)	-	178	178
Investment income	2	410	-	410	68	-	68
Investment management fee	3	(86)	(86)	(172)	(89)	(89)	(178)
Other expenses	4	(101)	-	(101)	(105)	(13)	(118)
Profit/(loss) on ordinary activities before taxation		223	(134)	89	(126)	230	104
Tax on ordinary activities	5	-	-	-	-	-	-
Profit/(loss) on ordinary activities after taxation attributable to shareholders		223	(134)	89	(126)	230	104
Basic and diluted return per share (pence)	6	2.4	(1.4)	1.0	(1.4)	2.5	1.1

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

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

All operations are considered to be continuing.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

for the year ended 31 December 2010

	31 December 2010 £'000	31 December 2009 £'000
Opening shareholders' funds	8,973	8,869
Dividends	(647)	-
Profit for the year	89	104
Closing shareholders' funds	8,415	8,973

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

BALANCE SHEET

as at 31 December 2010

	Note	31 December 2010 £'000	31 December 2009 £'000
Fixed assets			
Qualifying investments	7	6,521	6,242
Current assets			
Debtors	9	138	68
Non-qualifying investments	10	1,717	2,598
Cash at bank and in hand		63	93
		1,918	2,759
Creditors: amounts falling due within one year	11	(24)	(28)
Net current assets		1,894	2,731
Net assets		8,415	8,973
Capital and reserves			
Called-up share capital	12	92	92
Share premium account	13	4,383	4,383
Other reserve	13	3,735	4,382
Capital reserve	13	482	616
Revenue reserve	13	(277)	(500)
Shareholders' funds		8,415	8,973
Net asset value (pence per share)	14	91.0	97.1

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

The financial statements on pages 21 to 34 were approved by the Board of Directors on 7 April 2011.

Signed on behalf of the Board of Directors:



Tim Clark
Chairman

Company Registration Number: 5943513 (England & Wales)

INGENIOUS LIVE VCT 1

CASH FLOW STATEMENT

for the year ended 31 December 2010

	Note	2010 £'000	2009 £'000
Net cash outflow from operating activities		(211)	(134)
Financial investment			
Purchase of qualifying investments	7	(74)	(3,203)
Disposal of qualifying investments	7	74	-
Net cash outflow from financial investment		-	(3,203)
Management of liquid resources			
Disposal of non-qualifying investments	10	828	3,338
Net cash inflow from liquid resources		828	3,338
Dividends			
Payment of dividends	13	(647)	-
Net cash outflow from dividends		(647)	-
(Decrease)/increase in cash		(30)	1

Reconciliation of profit before taxation to net cash flow from operating activities

	Note	£'000	£'000
Profit on ordinary activities before tax		89	104
Decrease/(increase) in fair value of investments held	13	111	(178)
Investment income		(337)	-
Increase in receivables		(70)	(62)
(Decrease)/increase in payables		(4)	2
Net cash outflow from operating activities		(211)	(134)

Reconciliation of net cash flow to movement in net funds

	£'000	£'000
Opening cash balances	93	92
Net cash (outflow)/inflow	(30)	1
Closing cash balances	63	93

Total net funds is cash of £63k (2009: £93k) and non-qualifying investments of £1,717k (2009: £2,598k).

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2010

1. Accounting Policies**a) Basis of Accounting**

The financial statements for the year ended 31 December 2010 have been prepared in compliance with UK Generally Accepted Accounting Practice, and with the Statement of Recommended Practice (the **SORP**) entitled "Financial Statements of Investment Trust Companies and Venture Capital Trusts" which was issued in January 2009.

The comparative figures are for the year 1 January 2009 to 31 December 2009.

The financial statements have been prepared on a going concern basis under the historical cost convention, except for the measurement at fair value for investments. The principal accounting policies have remained unchanged from those set out in the Company's 2009 annual report and financial statements.

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 Investment Manager will apply a methodology that is appropriate in light of the nature, facts and circumstances of the investment and its materiality in the context of the total investment portfolio and will use reasonable assumptions and estimations.
- An appropriate methodology incorporates available information about all factors that are likely to materially affect the fair value of the investment. The valuation methodologies are applied consistently from period to period, except where a change would result in a better estimate of fair value. Any changes in valuation methodologies will be clearly disclosed in the financial statements.

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

- Price of recent investment
- Earnings multiple
- Net assets
- Available market prices

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2010

1. Accounting Policies (continued)

b) Valuation of Investments (continued)

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 the period prior to the second live event which forms the investment is often applied as the long stop date for such a valuation.

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 companies in which the Company has invested (the **Investee Companies**). In relation to the Company's investments, anticipating future cashflows in excess of the guaranteed amounts would clearly require highly subjective judgements to be made in the early stage of each investment and therefore would not be an appropriate methodology to apply in the early stage of the investment.

In the period prior to the second live event 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 earnings multiple 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 relating to loan note premiums is recognised in the Income Statement as accrued on a time-apportionment basis so as to reflect the effective interest rate. Where those loan note premiums are charged in lieu of higher interest then they are credited to income over the life of the advance to the extent those premiums are anticipated to be collected.

d) Dividend Income

Dividend income is recognised in the Income Statement once declared by any investee company.

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;

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2010

1. Accounting Policies (continued)

e) Expenses (continued)

- expenses are split and presented partly as capital items where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated; and
- the management fee has been allocated 50% to revenue and 50% to capital, which represents the expected split of the Company's long term returns.

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

	2010	2009
	£'000	£'000
Bank deposit interest	-	5
Dividend income from Qualifying Investments	25	11
Loan note interest from Qualifying Investments	385	52
	410	68

3. Investment Management Fee

	2010	2010	2010	2009	2009	2009
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Investment management fee	86	86	172	89	89	178
	86	86	172	89	89	178

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 expected split of the Company's long term returns.

4. Other Expenses

	2010	2010	2010	2009	2009	2009
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Directors' remuneration (excluding employer's national insurance)	30	-	30	31	-	31
Auditors' remuneration						
- Audit fees	13	-	13	13	-	13
Legal & professional fees	6	-	6	5	8	13
Other administration expenses	50	-	50	43	4	47
Irrecoverable VAT	2	-	2	13	1	14
	101	-	101	105	13	118

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2010

5. Tax Charge on Ordinary Activities

	2010 Revenue £'000	2010 Capital £'000	2010 Total £'000	2009 Revenue £'000	2009 Capital £'000	2009 Total £'000
Profit/(loss) on ordinary activities before tax	223	(134)	89	(126)	230	104
Profit/(loss) on ordinary activities by tax rate 28% (2009: 28%)	62	(38)	24	(35)	64	29
Adjustments:						
Non taxable losses/(gains) on investments	-	13	13	-	(93)	(93)
Disallowed expenses	-	25	25	-	29	29
UK dividends not taxable	(7)	-	(7)	(3)	-	(3)
Utilisation of brought forward excess management expenses	(55)	-	(55)	38	-	38
	-	-	-	-	-	-

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

At 31 December 2010 the Company had surplus management expenses of £382k (2009: £582k). 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

	2010 Revenue £'000	2010 Capital £'000	2010 Total £'000	2009 Revenue £'000	2009 Capital £'000	2009 Total £'000
Profit/(loss) on ordinary activities after taxation	223	(134)	89	(126)	230	104
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)	2.4	(1.4)	1.0	(1.4)	2.5	1.1

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 2010

7. Fixed Asset Investments

	2010	2009
	£'000	£'000
Unquoted investments		
Equity shares	2,037	2,074
Unsecured loan notes	4,484	4,168
	6,521	6,242
Qualifying Investments	£'000	£'000
Opening valuation	6,242	2,752
Fair value adjustment	279	287
Purchases at cost	74	3,203
Repayment of loan note	(74)	-
Closing valuation	6,521	6,242

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 2010:

Trading Companies	% class and share type	% voting rights
Aurem Limited	24.95% A Ordinary	24.95%
IR Productions Limited	24.95% A Ordinary	24.95%
CFDT Limited	24.95% A Ordinary	24.95%
Taste Xmas Live Limited	24.95% A Ordinary	24.95%
Brand Events Live Limited	24.95% A Ordinary	24.95%
Annie Films Limited	24.95% A Ordinary	24.95%
Jetstream Events 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	13.97% A Ordinary	13.97%

It is considered that, as permitted by FRS9, "Associates and Joint Ventures", the above investments are held as part of an investment portfolio, and that, accordingly, their value to the Company lies in their marketable value as part of that portfolio. In view of this, it is not considered that any of the above represents investments in associated undertakings.

9. Debtors

	2010	2009
	£'000	£'000
Prepayments and accrued income	138	68

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2010

10. Current Asset Investments

	2010	2009
	£'000	£'000
Funds held in listed money market instruments	1,717	2,598
Non-Qualifying Investments	£'000	£'000
Opening valuation	2,598	6,045
Disposal proceeds	(828)	(3,338)
Unrealised change in value of investment	(53)	(109)
Closing valuation	1,717	2,598

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

	2010	2009
	£'000	£'000
Trade creditors	-	7
Accruals and deferred income	24	21
	24	28

12. Called-Up Share Capital

	2010	2009
	£'000	£'000
Allotted, called-up and fully paid	92	92
9,242,845 ordinary shares 1p each	92	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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2010

13. Reserves

	Share premium £'000	Other reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total reserves £'000
At 1 January 2010	4,383	4,382	616	(500)	8,881
Dividend payments	-	(647)	-	-	(647)
Gain on disposal of investments	-	-	63	-	63
Decrease in fair value of investments held	-	-	(111)	-	(111)
Investment income	-	-	-	410	410
Investment management fees	-	-	(86)	(86)	(172)
Other expenses	-	-	-	(101)	(101)
At 31 December 2010	4,383	3,735	482	(277)	8,323

The capital reserve includes realised investment holding gains of £88k and unrealised investment holding gains of £394k. As an investment company under section 833 of the Companies Act 2006, the other reserve account is the only distributable reserve of the Company.

On 13 April 2010, the Company paid dividends amounting to £647k (2009: £Nil). Although the Company had applied to the High Court to reduce its share premium account and create distributable reserves, the Company had not complied with certain technical requirements of the Companies Act 2006. Specifically, prior to the payment of the dividends from capital reserves, the Company was required to revoke its investment company status. The payment of the dividends received appropriate pre-clearance from HMRC, to confirm the Company's VCT status was not affected by the dividend payment. The Company is taking advice from its advisers as to any remedial action that is required, and will inform shareholders as soon as practicable. The accounts have been drawn up on the basis that the issue referred to above is regularised. The proposals do not affect the results of the Company for the year to 31 December 2010, its net assets at 31 December 2010, nor its ability to pay future dividends.

14. Net Asset Value per Share

	2010	2009
Net assets attributable to shareholders (£'000)	8,415	8,973
Shares in issue (number)	9,242,845	9,242,845
Net asset value per share (pence)	91.0	97.1

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

		2010 £'000	2009 £'000
Listed money market instruments (note 10)	Level 1	1,717	2,598
Unquoted investments (note 7)	Level 3	6,521	6,242
		8,238	8,840

The level 3 investments include net fair value gains of £279k in the current year (2009: £287k), as disclosed in note 7.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2010

15. Financial Instruments and Risk Management (continued)

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.

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 £1,717k (2009: £2,598k). 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 2010 (31 December 2009: 0.5%).

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2010

15. Financial Instruments and Risk Management (continued)**b) Interest Rate Risk (continued)**

	31 December 2010	31 December 2009
	£ '000	£ '000
	+/- 50 basis points	+/- 50 basis points
Impact on profit/(loss) on ordinary activities for the year before taxation and total equity	9	14

c) Credit Risk

Credit risk is the risk that the 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 £4,484k (2009: £4,168k) 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 £4,484k (2009: £4,168k) unsecured loan notes are the contractually agreed 70% of initial investments.

d) Liquidity Risk

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

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

16. Contingencies, Guarantees and Financial Commitments

There is currently interest income accruing on the unsecured loan note instruments at a rate of 4.5% (2009: 1.5%, amended to 4.5% in April 2010), being 4% over the bank base rate which was 0.5% as at 31 December 2010 (2009: 0.5%), totalling £137k (2009: £47k). 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 investment manager until 28 February 2008, when the investment management agreement was novated to Ingenious Asset Management Limited, and Ingenious Ventures became a trading division of Ingenious Asset Management Limited. Patrick McKenna is a director of Ingenious Asset Management Limited and was a director of Ingenious Ventures Limited until 1 June 2009, which are both subsidiaries within the Ingenious Media Holdings plc group of companies (the **Ingenious Group**), which is controlled by Patrick McKenna.

Ingenious Ventures (the Manager), as per the management agreement, receives a management fee of 0.5% of the net asset value payable quarterly in advance. This amounted to £172k as at 31 December 2010 (2009: £178k). The Manager also charges an administration fee of £19k (2009: £18k) per annum and irrecoverable VAT.

- b) The funds invested in OEICs are managed by the Asset Management division of Ingenious Asset Management Limited, a company of which Patrick McKenna is a director. Ingenious Asset Management Limited is a subsidiary of the Ingenious Group, which is controlled by Patrick McKenna. There is no fee associated with this transaction.

INGENIOUS LIVE VCT 1

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2010

17. Related Party Transactions (continued)

- c) Patrick McKenna is a director and a shareholder of Ingenious Live VCT 2 plc. In January 2010, the Company made a further investment of £74,000 into an existing company, Into the Groove Limited, to co-promote *80s Rewind* bringing its total investment to £346,348 for 13.97% of the equity. Ingenious Live VCT 2 plc also invested £74,000 bringing its total investment to £346,348 for 13.97% of the equity of Into the Groove Limited.
- d) Patrick McKenna is a director and a shareholder of Ingenious Live VCT 2 plc. In January 2010, an existing company, IR Productions Limited, which co-promotes a music festival at Powderham Castle, repaid £74,000 of unsecured loan notes to the Company. This reduced the Company's total investment to £328,350 while retaining 24.95% of the equity. IR Productions Limited also repaid £74,000 of unsecured loan notes to Ingenious Live VCT 2 plc reducing its total investment to £328,350 while retaining 24.95% of the equity.

During the period the Company has entered into transactions with the above-mentioned related parties in the normal course of business and on an arm's length basis:

Entity	Note	2010 Expenditure paid £'000	2010 Amounts due £'000	2009 Expenditure paid £'000	2009 Amounts due £'000
Ingenious Asset Management Limited					
Investment management fee	a	172	-	178	-
Administration fee	a	19	-	18	-
Irrecoverable VAT	a	1	2	8	3

Transactions Between Related Parties

Ingenious Media Consulting Limited, a company which is a wholly-owned subsidiary in the Ingenious Group, which is controlled by Patrick McKenna, has entered into consultancy agreements with each of the Company's investee companies to provide management services. For the provision of such services, consulting fees totalling £166k excluding VAT (31 December 2009: £242k), have been invoiced in the year. No amounts remain outstanding as at 31 December 2010 (31 December 2009: £39k).

18. Events After the Balance Sheet Date

The Company declared an interim dividend of 7.0 pence per ordinary share on 17 January 2011 (2010: 7.0 pence). The dividend was paid on 11 February 2011 by way of a capital distribution reducing the Company's other reserves.

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 2010 was £8,415k (2009: £8,973k).

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2010

19. Capital Management (continued)

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

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

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

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 36 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.

Ian Anderson

Tel.: +44 (0) 207 319 4000

Fax: +44 (0) 207 319 4001

Email: 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.

NOTICE OF ANNUAL GENERAL MEETING

INGENIOUS LIVE VCT 1 PLC

(Incorporated in England and Wales under the Companies Act 1985 with registered number 5943513)

(the **Company**)

NOTICE IS HEREBY GIVEN THAT the fourth Annual General Meeting (the **AGM**) of Ingenious Live VCT 1 plc will be held at 3.30pm on Wednesday, 18 May 2011 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 2010.

Directors' Remuneration Report

2. THAT the Directors' Remuneration Report for the year ended 31 December 2010 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 and the Company's articles of association.
4. THAT Tim Clark, who was appointed by the board on 16 November 2010, and retires 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 of the middle market quotation for a Share taken from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which such shares are purchased;
 - (iii) more than the net asset value per 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.

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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: 7 April 2011

Registered Office:
15 Golden Square
London W1F 9JG

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

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

NOTES

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

Entitlement to Attend and Vote

- (b) In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, the Company gives notice that only those Shareholders entered on the relevant register of shareholders (the **Register**) for certificated or uncertificated shares of the Company (as the case may be) at 3.30pm on 16 May 2011 (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 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.

Termination of Proxy Appointments

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

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

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

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

Corporate Representatives

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

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

Issued Share Capital and Total Voting Rights

- (h) As at close of business on 6 April 2011, 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 the Meeting

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

Nominated Persons

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

Documents Available for Inspection

- (k) The terms and conditions of appointment of the directors of the Company are available for inspection by any person at the Registered Office of the Company on each business day during normal business hours from the date of this notice until the time of the AGM and will be available on the day of the AGM, at the place of the AGM, from at least 15 minutes prior to the AGM until its conclusion.

Communication

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

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

Website Publication of Audit Concerns

- (m) Members satisfying the thresholds in section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting that the members propose to raise at the meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement required to be placed on the website must also be sent to the Company's auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required to publish on its website.

ADDITIONAL INFORMATION RELATING TO THE AGM

In compliance with the 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 2010.

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 2010 which can be found on pages 13 to 14.

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

Patrick McKenna and Tim Clark 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. Tim Clark is retiring and seeking election in accordance with the Combined Code and the Company’s articles of association (this being his first annual general meeting). Biographical details of all the Directors can be found on page 6.

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.

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.

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PROXY FORM

ANNUAL GENERAL MEETING 18 MAY 2011

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:70%;" type="text"/>	
<p>I/we the abovementioned shareholder(s) of Ingenious Live VCT 1 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:70%;" 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 1 plc to be held at 3.30pm on 18 May 2011 at 15 Golden Square London W1F 9JG and at any adjournment thereof.</p>		

	For	Against	Withheld	
1. To receive and consider the Company's Annual Report and Accounts for the year ended 31 December 2010 (<i>ordinary resolution</i>)	<input type="text"/>	<input type="text"/>	<input type="text"/>	2
2. To approve the Directors' Remuneration Report as set out in the 2010 Annual Report & Accounts (<i>ordinary resolution</i>)	<input type="text"/>	<input type="text"/>	<input type="text"/>	
3. To approve the re-election of Patrick McKenna as a non-executive director (<i>ordinary resolution</i>)	<input type="text"/>	<input type="text"/>	<input type="text"/>	
4. To approve the re-election of Timothy Clark as a non-executive director (<i>ordinary resolution</i>)	<input type="text"/>	<input type="text"/>	<input type="text"/>	
5. To approve the Company's authority to make market purchases of Shares (<i>special resolution</i>)	<input type="text"/>	<input type="text"/>	<input type="text"/>	
6. To approve the re-appointment of Grant Thornton UK LLP as auditors to the Company (<i>ordinary resolution</i>)	<input type="text"/>	<input type="text"/>	<input type="text"/>	
7. To approve the Directors' authority to agree the remuneration of Grant Thornton UK LLP (<i>ordinary resolution</i>)	<input type="text"/>	<input type="text"/>	<input type="text"/>	

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 fits 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. 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 18 May 2011 as convened by the Notice.

Annual Report & Accounts

These *Annual Report & Accounts* of the Company for the year ending 31 December 2010.

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 1 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 36 to 38.

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.

