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IVL/LVCT1/AR&A/01.08/97654

INGENIOUS LIVE VCT 1

ANNUAL REPORT & ACCOUNTS
For the period ending
31 December 2007



WE ARE INGENIOUS

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THE COMPANY AND ITS ADVISERS

Directors	Patrick McKenna (Chairman) Paul Gregg* Piers Gregson* Andrew Morris*
Company Secretary	Susan Ford
Registered Office	15 Golden Square London W1F 9JG
Company Number	5943513
Investment Manager & Administrator	Ingenious Ventures Limited 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	Computershare Investor Services PLC PO Box 82 The Pavilions Bridgwater Road Bristol BS99 7NH
Sponsor and Stockbroker	Brewin Dolphin Securities Limited 34 Lisbon Street Leeds LS1 4LX
Solicitors	Mayer Brown Rowe & Maw 11 Pilgrim Street London EC4V 6RW

* Independent director

CHAIRMAN'S STATEMENT

It is with great pleasure that I present the Company's first annual report and accounts covering the period from the Company's incorporation on the 22 September 2006 to 31 December 2007 (the "reporting period").

Overview of Activities

The reporting period saw fundraising for the Ingenious Live VCTs close at the end of July, raising in excess of £18 million split equally amongst the VCT twin structure which encompasses Ingenious Live VCT 1 plc and Ingenious Live VCT 2 plc, making them one of the largest specialist VCT funds launched in the 2006/07 tax year. Following the Company's initial investment to co-promote two new festivals, *Underage* and *Field Day*, in January 2008 we completed our second major deal, confirming an agreement with The Rival Organisation to co-promote a three day event at Powderham Castle, Exeter. An investment was also made in the *Knowsley Hall Music Festival*, to co-promote the inaugural two day event. We are also in discussions for prospective new deals as well as potentially extending our relationship with current event partners.

The *Underage* and *Field Day* festivals were both held at Victoria Park in East London on the weekend of 10 and 11 August 2007. *Underage*, being the UK's first strictly under 18s festival, completely sold out its 5,000 capacity. *Field Day* also sold out its 10,000 capacity well in advance of the event day, and could certainly have sold in excess of 15,000 tickets had the capacity been available.

We are very excited to report that *Underage's* major event sponsor, Converse, has agreed to increase substantially its sponsorship profile at the event for 2008 and the BBC has agreed to give the event major coverage via Radio 1. With such a fantastic start for both festivals, we firmly believe there is a very strong opportunity to develop and grow both of these brands. Early discussions for plans to roll out both these events across the UK during 2009 and beyond are currently taking place.

Both *Underage* and *Field Day* illustrate perfectly Ingenious Live VCTs' strategy, which is to find events that identify a market niche and have the potential for both substantial operating profits and capital gain from building a brand.

We also have an agreement with The Rival Organisation to co-promote an exciting three day music festival, from Friday 25 July to Sunday 27 July 2008, to be held at Powderham Castle, Exeter, one of the UK's most impressive stately homes. Capacity for the event will be 15,000 people per day. *The Rival Organisation* are one of the most important players in the live events market, having previously organised concerts such as *Petworth*, *Blickling Hall* and *Holkham Hall*, featuring artists such as *Girls Aloud*, *Status Quo*, and *Peter Gabriel*. The 2008 festival is likely to include acts of a similarly high calibre including *Boyzone*, *Simply Red*, *Bananarama*, *Kid Creole* and *Paul Young*.

In April, we confirmed an agreement with *Knowsley Hall Music Festival*, which was held during the weekend of 23 and 24 June 2007, outside Liverpool. The two day festival was headlined by *Keane* and *The Who* and, despite bad weather, returned a profit to our investee company.

The Manager continues actively to source and review new investment opportunities and has a very strong pipeline of opportunities which it should be well placed to conclude in the coming months.

I would like to take this opportunity to thank all shareholders for their continued support to the Company and I look forward to meeting those of you that are able to attend the Annual General Meeting, scheduled for 20 March 2008.



Patrick McKenna
Chairman
7 February 2008

MANAGER'S REVIEW

Investment Objective

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

The reporting period has seen two deals made, another deal has been made in January 2008, and we expect a number of current discussions to lead to new deals being made in the next financial year, with a number of investment opportunities already in the pipeline. We continue to focus our efforts on identifying projects that will support the development of exciting acts, with the potential to deliver premium returns for our investors.

Knowsley Hall Music Festival

The Company closed its first investment on 23 April 2007, by agreeing to invest a maximum sum of £231k in Sounds Alive Limited, a joint venture company formed in conjunction with Cream Holdings Ltd, and Loud Sound Events Ltd for a co-promotion agreement in the *Knowsley Hall Music Festival*.

Underage and Field Day

The Company closed its second investment in both the *Underage* and *Field Day* festivals on 20 July 2007, by investing £163k in Aurem Ltd, a joint venture company formed in conjunction with Waxarch Ltd. Both *Underage* and *Field Day* have the option to access further funding of up to £325k with the current budget for 2008 being £225k. The investment will be used to fund the events, talent, marketing and promotion, venue hire, PR fees, licensing, legal and insurances, event planning, audit and accountancy.

The *Underage* festival has an impressive list of media partners for 2008, from which comes a number of exciting promotional opportunities with the BBC through Radio 1, MTV, MySpace, and Artrock. We are also currently in the final stages of confirming Teen Vogue and NME to add to our list of partners. Discussions with the Mayor of London's office and Transport for London (TfL) to involve them in the promotion, are taking place also.

The Rival Organisation

In January 2008 the Company completed its third investment of £402k in IR Productions Ltd, a joint venture company formed in conjunction with The Rival Organisation. The newly-formed company will provide funding for the support of all production, marketing, talent, venue hire, insurance and other costs associated with the three day event to be held at Powderham castle.

Outlook

The summer of 2007 produced more music festivals in the UK than ever before. Internationally renowned and established events like *Glastonbury* continued to enjoy growth again – with *Glastonbury* in particular reaching thirty times its original size. Alongside the constant growth of the larger and more established festivals and events is the more notable number of newer, smaller festivals that have developed and featured throughout the summer of 2007; *Connect*, *Latitude*, and of course *Underage* and *Field Day*. Even more promising however, is the return in those festivals being held for their second, third, fourth and fifth years running, such as *LoveBox* and *South West Four*.

There appears to be continuing growth in both live music and other markets, such as consumer and trade exhibitions and events, where we hope to announce our first investments over the coming months.

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 call us on 020 7319 4000.

Ingenious Ventures Limited

7 February 2008

BOARD OF DIRECTORS

Patrick McKenna (Chairman) 51

Patrick founded Ingenious Media plc in 1998 and is the chief executive and chairman of the Company. Prior to Ingenious, Patrick was chairman and chief executive of The Really Useful Group. Patrick started his career in the accountancy profession and was appointed partner and head of the media group at Deloitte & Touche in 1985. Patrick holds non-executive positions on the boards of a number of companies in Ingenious Ventures' investment portfolio and is the chairman of The Young Vic.

Patrick is actively engaged with the evaluation and selection of media projects proposed for funding by the investment vehicles operated by the Ingenious Group.

Paul Richard Gregg, 66

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

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

Piers Martin Gregson, 65

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

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

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

Andrew Morris, 55

Andrew has a formidable track record in the events industry, with more than 30 years' experience spanning both private and public sector roles. He was responsible for launching the Business Design Centre in 1986 and was instrumental in both creating BDC Events and the commercial successes it enjoyed across its events programme. In 1999 Andrew joined the Earls Court and Olympia Group leading the MBI and acquiring the business from P&O. As Chief Executive, Andrew was responsible for the transformational change in culture, investment, market position and strategy which led to its successful sale to St James Capital/Nomura in 2004.

Andrew was most recently Chief Executive Officer at the National Exhibition Centre (NEC), leading 1,000 staff in the UK's biggest event business, with revenues of £145 million from five venues; the 200,000 square metre NEC site and NEC arena in Solihull as well as the International Convention Centre, Symphony Hall and the National Indoor Arena in Birmingham City Centre.

DIRECTORS' REPORT

The Directors submit their report and the audited financial statements for the reporting period from 22 September 2006 to 31 December 2007.

1. Principal Activity, VCT & 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 266 of the Companies Act 1985.

2. Directors and Directors' Interests

The Directors and their respective biographies are set out on page 5. Patrick McKenna served throughout the period. Paul Gregg and Piers Gregson were appointed to the Board on 6 November 2006, and Andrew Morris was appointed on 14 March 2007.

As at 31 December 2007, 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 2007	% of issued ordinary share capital
Patrick McKenna*	203,201	2.2
Paul Gregg	50,801	0.5
Piers Gregson	20,320	0.2
Andrew Morris	7,500	0.1
Total	281,822	3.0

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

Except for one subscriber share acquired by each of Patrick McKenna on 22 September 2006 and Paul Gregg on 6 November 2006, the Directors and, where relevant, their spouses subscribed for the above interests during the period of Offer and on the terms set out in the Prospectus. There have been no changes to the above interests between 31 December 2007 and the date of this report. All interests are beneficial.

3. Major Interests in Shares

As at the date of this report, the Company had not been notified of any major interest in its shares in accordance with chapter 5 of the FSA's Disclosure Rules and Transparency Rules.

4. Capital

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

Preference shares have been redeemed during the period, details can be found in note 13.

5. VCT Status Monitoring

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

6. Re-Appointment of Auditors

A resolution to re-appoint Grant Thornton UK LLP as auditors to the Company will be put to the Shareholders at the AGM (see resolution 8 of the Notice).

7. Indemnities

Pursuant to the Articles, and to the extent permitted by the Companies Act 1985, every Director or other officer and auditor of the Company is entitled to be indemnified out of the assets of the Company against all liabilities which he may incur in the execution of his office.

In certain circumstances, Directors or other officers and auditors of the Company are also entitled to be indemnified out of the assets of the Company against liabilities incurred by them in defending proceedings brought against them.

The above indemnities have been in force throughout the period under review and all non-executive Directors are covered by Directors & Officers liability insurance 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. Trade creditor days of the Company as at 31 December 2007, calculated in accordance with the requirements of the Companies Act 1985, were 3 days. This represents the ratio, expressed in days, between the amounts invoiced to the Company in the period by its suppliers and the amounts due, at the year end, to trade creditors falling due for payment within one year.

9. Financial Risk Management

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

10. Management Agreement

The Management Agreement is dated 6 November 2006, and allows for the Manager to assume responsibility for the continuous management of the VCT's portfolio of investments and provide administrative services. In return for its services the Manager is paid an annual portfolio management fee of 2 per cent of the Company's Net Asset Value plus VAT, a performance-related incentive fee (details of which can be found in the Prospectus), and an annual administration fee of £17,500 plus VAT.

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 percent of the Company's Net Asset Value at the date of termination.

The Board have reviewed the performance of the Manager and are satisfied that the continued appointment of the Manager on the terms agreed is in the best interests of the Shareholders and the Company.

11. The AGM

The notice convening the AGM can be found on page 31. Additional information relating to the AGM and the resolutions to be considered by shareholders can be found on pages 33 - 35.

12. Business Review

The Directors have included their business review on page 9.

13. Directors' Responsibility

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

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

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

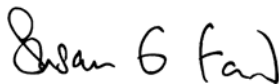
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Acts. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

After due and careful consideration, the Directors believe that the Company has adequate resources for the foreseeable future and that it is appropriate to apply the going concern basis in the preparation of the Company's financial statements.

By order of the Board



Susan Ford
Company Secretary
7 February 2008

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 deed and an administration agreement.

The Manager's review on pages 3 to 4 provides a review of the investment portfolio and the market outlook.

2. Investment Policy

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

The Company will only invest in an Investee Company:

- where the Event has been approved by the Manager through its selection process; and
- where the Investee Company has obtained performance warranties or similar contractual arrangements that will provide for the Investee Company to receive minimum revenues equivalent to at least 70 per cent of the Company's investment.

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 percent 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.

The Company is in its early stage of investing. To-date it has made two investments in qualifying companies, both of which were less than £1 million, with contractual arrangements that provides for the Investee Company to receive minimum revenues equivalent to at least 70 per cent of the Company's investment, and have been approved by 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** – an investment in events 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.

- **Loss of approved status as a Venture Capital Trust** – the Company must comply with section 274 of the ITA which allows it to be exempted from capital gains tax on investment gains realised by shareholders. Any breach of these rules may lead to the Company losing its approval as a VCT, qualifying shareholders who have not held their shares for the designated holding period would have to repay the income tax relief they obtained and future dividends paid by the Company becoming 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 Acts, 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 per cent by value of its investments in qualifying holdings by the beginning of the accounting period commencing three years after provisional VCT approval).

The Board seeks to mitigate the internal risks by setting clear policies, including establishing a funding structure which provides for minimum revenues equivalent to at least 70 per cent 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 13 to 16.

4. Key Performance Indicators (KPIs)

The primary key performance indicator on which the Board assesses the performance of the Manager in meeting the Company’s objective is the change in Net Asset Value per share.

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

DIRECTORS' REMUNERATION REPORT

This report has been prepared by the Directors in accordance with the requirements of Schedule 7A to the Companies Act 1985. A resolution to approve the report will be proposed at the AGM. The law 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 page 18.

1. Directors' Remuneration Policy

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

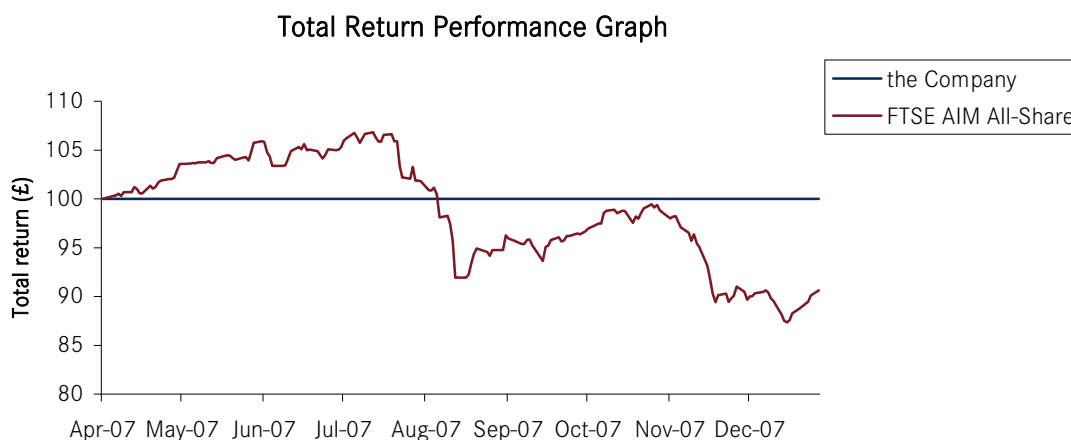
2. Appointment Letters

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

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

3. Performance

The following line 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.



4. Directors' Remuneration

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

	Period ended 31 December 2007
Director	Fees
	£
Patrick McKenna	9,548
Paul Gregg	8,673
Piers Gregson	8,673
Andrew Morris	<u>6,000</u>
	<u>32,894</u>

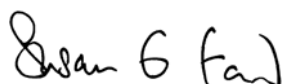
No expenses were paid to any Director in the period. The Company does not grant share options, long-term incentive schemes or retirement benefits to any Director. No contributions are made on behalf of the Directors to any pension scheme. No Director has received any bonuses, taxable expenses, compensation for loss of office or non-cash benefits for the period ended 31 December 2007. In respect of this period, the Company has purchased (and continues to maintain) liability insurance covering the Directors and officers of the Company.

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

5. Shareholder Approval

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

By order of the Board



Susan Ford
 Company Secretary
 7 February 2008

CORPORATE GOVERNANCE REPORT

The Company is committed to maintaining the highest standards of corporate governance. The Directors seek to comply with the Combined Code to the extent that it is proportionate and relevant to: (i) the size and nature of the Company and its operations; and (ii) the Company's particular board and management structure as a VCT. On this basis, the Directors believe that, during the period under review, the Company has complied with the provisions of the 2003 Combined Code and complied voluntarily with the 2006 Combined Code except as explained below.

1. Board Composition

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

Patrick McKenna, the Company's Chairman, is also the Chairman of Ingenious Ventures Limited, a wholly owned subsidiary of Ingenious Media plc that is controlled by Patrick McKenna. Patrick is also Chairman of Ingenious Live VCT 2 plc the Ingenious Music VCTs, and a Director of the Ingenious Entertainment VCTs and is not, therefore, considered to be independent.

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

Biographical details of each of the Directors can be found on page 5.

2. Board Appointments

Patrick McKenna, Paul Gregg and Piers Gregson were appointed to the Board as set out in the Prospectus and paragraph 2 of the Directors' Report.

During the period Andrew Morris was appointed to the Board. The appointment of Andrew Morris was approved by the Board as a whole, and identified through the Manager's extensive network of contacts in the live events industry. As detailed in his biography Andrew Morris has a wealth of relevant experience to bring 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.

As the Company does not have any major shareholders there were no specific arrangements made by the Chairman to introduce the new non-executive director to major shareholders.

Directors are not appointed for specified terms. The Board believes that, in the circumstances of the Company, the contribution of a non-executive director is enhanced by longer, continuous service. However, in accordance with the Combined Code, all of the Directors will retire from office and seek re-appointment at the first AGM of the Company.

The Directors' terms of appointment may be inspected by shareholders at the Company's registered office during normal business hours and at the first AGM of the Company.

To date, no formal performance evaluation of the Directors or the Board has been undertaken. Specific performance issues will be dealt with as and when they arise. No performance issues arose during the period under review and the Board considers that the individual performance of each of the Directors continues to be effective and to demonstrate their commitment to the role. The Board therefore recommends that the Directors be re-appointed and, accordingly, that shareholders vote in favour of resolutions 3 to 6 (inclusive) as set out in the Notice.

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

3. Board Proceedings

The following table sets out the number of Board meetings held during the period and the number of meetings attended by each Director:

	Attended	Possible
Patrick McKenna	5	5
Paul Gregg	5	5
Piers Gregson	4	5
Andrew Morris	2	4

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 Susan Ford, 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 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 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.

The Board has not appointed an audit committee as it is currently considered appropriate to refer all audit matters to the full Board for review and approval. The need for an audit committee will be kept under review by the Board particularly as the size of the investment portfolio increases or if required to do so as a result of regulatory requirements.

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 20 March 2008, 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 period under review and up to the date of approval of the Annual Report & Accounts and accords with the Financial Reporting Council's 'Internal Control: Revised Guidance for Directors on the Combined Code' issued in October 2005.

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

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

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

- the Manager prepares management accounts which provide the Board with a regular overview of the progress and performance of the Company and its investment portfolio;
- all investment decisions are approved by the Manager's investment team and communicated to the Board on a quarterly basis;
- the Manager monitors the qualifying status of each qualifying holding in conjunction with PwC who report to the Board twice annually on the Company's VCT status and advise on each investment proposal as appropriate; and
- the Manager continuously monitors the Company's progress and promptly informs the Board of any material developments as and when they occur.

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

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

8. Internal Audit Function

The Company does not have an internal audit function. The Board believes that such a function would be disproportionate to the size of the Company. However, this will be reviewed during the next financial year and appropriate action taken if this is deemed appropriate.

9. Going Concern

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

After making enquiries, and on the strength of its balance sheet, the directors are of the opinion that the Company has adequate resources to continue its operational activities for the foreseeable future. The board

is therefore of the opinion that the going concern basis should be adopted in the preparation of the financial statements.

10. Auditor Independence

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

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

We have audited the financial statements (the "financial statements") of Ingenious Live VCT 1 plc for the period ended 31 December 2007 which comprise the income statement, reconciliation of movements in shareholders' funds, the balance sheet, the cashflow statement and notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's 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

The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibility on page 8.

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

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Business Review, Chairman's Statement and Manager's Review that is cross referred from the 'Principal Activity VCT and Investment Company Status' section of the Directors' Report.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the 2003 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Chairman's Statement, Manager's Review, the Director's Report, Business Review, Investment Portfolio, and the unaudited part of the Directors' Remuneration Report and the Corporate Governance Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the

company financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the company financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its loss for the period then ended;
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS

London
7 February 2008

Note: 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.

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INCOME STATEMENT

for the period 22 September 2006 to 31 December 2007

	Note	Revenue £'000	Capital £'000	Total £'000
Increase in fair value of investments held		-	186	186
Investment income	2	69	63	132
Arrangement fees	3	(92)	-	(92)
Investment management fees	4	(70)	(70)	(140)
Other expenses	5	(103)	(4)	(107)
Loss on ordinary activities before taxation		(196)	175	(21)
Tax on ordinary activities	6	-	-	-
Loss attributable to equity shareholders		(196)	175	(21)
Basic and diluted return per share (pence)	7	(3.8)	3.4	(0.4)

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

The total column is the profit and loss for the period.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

for the period 22 September 2006 to 31 December 2007

	Revenue £'000	Capital £'000	Total £'000
Shareholders' funds at 22 September 2006	-	-	-
Capital subscribed	-	9,227	9,227
Issue costs	-	(370)	(370)
Loss for the period	(196)	175	(21)
Shareholders' funds at 31 December 2007	(196)	9,032	8,836

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

BALANCE SHEET

As at 31 December 2007

	Note	£'000
Fixed assets		
Qualifying investments	8	163
Current assets		
Debtors	10	15
Non-Qualifying investments	11	8,514
Cash at bank and in hand		174
Total current assets		8,703
Creditors: amounts falling due within one year	12	(30)
Net current assets		8,673
Net assets		8,836
Capital and reserves		
Called-up share capital	13	92
Share premium account	14	8,765
Capital reserves		
realised	14	(11)
unrealised	14	186
Revenue reserve	14	(196)
Shareholders' funds		8,836
Net asset value (pence per share)	15	95.6

The financial statements on pages 19 to 29 were approved by the Board of Directors on 7 February 2008.

Signed on behalf of the Board of Directors:



Patrick McKenna
Chairman

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CASH FLOW STATEMENT

for the period 22 September 2006 to 31 December 2007

	£'000
Net cash outflow from operating activities	(192)
Capital expenditure and financial investment	
Purchase of qualifying investments	(163)
Purchase of non-qualifying investments	(8,559)
Disposal of non-qualifying investments	230
Net cash outflow from capital expenditure and financial investment	(8,492)
Financing	
Issue of redeemable preference shares	50
Repurchase of redeemable preference shares	(50)
Issue of ordinary shares	9,227
Expenses of the issue of ordinary shares	(369)
Net cash inflow from financing	8,858
Increase in cash	174
Reconciliation of Loss Before Taxation to Net Cash Flow from Operating Activities	
	£'000
Loss on ordinary activities before taxation	(21)
Increase in fair value of investments held	(186)
Increase in receivables	(15)
Increase in payables	30
Net cash outflow from operating activities	(192)
Reconciliation of Net Cash Flow to Movement in Net Funds	
	£'000
Opening cash balances	-
Net cash inflow	174
Closing cash balances	174

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

NOTES TO THE FINANCIAL STATEMENTS

for the period 22 September 2006 to 31 December 2007

1. Accounting policies**(a) Basis of Accounting**

The financial statements for the period ended 31 December 2007 have been prepared in accordance with UK Generally Accepted Accounting Practice, and with the Statement of Recommended Practice (the SORP) entitled "Financial Statements of Investment Trust Companies" which was issued in January 2003 and revised in December 2005.

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

(b) Valuation of Investments

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

Investee Companies

Unquoted investments including equity and loan investments are stated at fair value in accordance with the International Private Equity and Venture Capital Guidelines and Financial Reporting Standard 26 "Financial Instruments Measurement" (FRS 26). They are designated at fair value through profit and loss in accordance with FRS 26.

The guidelines set out six permissible valuation methodologies, of these the two methodologies most applicable to the VCT investments are:

1 - Price of recent investment. Where the investment being valued was made recently, its cost will generally provide a good indication of value. It is generally considered that this would only apply for a limited period, in practice a period of up to a year is often applied as the long stop date for such a valuation.

2 - Discounted cash flows/earnings of the underlying business, calculating the net present value of expected future cashflows of the investee companies. In relation to the VCT 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.

The adopted approach fair values the investments at the "price of recent investment" (i.e. cost) in their first year of investment. Subsequently, the portfolio of investments is fair valued on the discounted cash flow/earnings basis using the latest available information on the performance of the live event.

Open Ended Investment Companies

The Company's investments in interest bearing money market open ended investment companies (OEIC's) are valued at fair value, which is deemed to be mark-to-market. 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 the capital return within the income statement.

(c) Investment Income

Interest income is included on an accruals basis using the effective interest method.

(d) Expenses

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

- expenses which are incidental to the acquisition or disposal of an investment are charged to capital in the income statement as incurred; and
- expenses are split and presented partly as capital items where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated.

(e) 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

	22 September 2006 to 31 December 2007 £'000
Bank deposit interest	68
Reinvested interest from OEIC's	63
Profit share from Sounds Alive Ltd	1
	132

3. Arrangement Fees

	22 September 2006 to 31 December 2007 £'000
Arrangement fees	92

All costs arising out of the Offer, including listing expenses and commissions, were incurred by the Promoter (Ingenious Media Investments Limited) and a fee of 5% of the gross proceeds of the Offer was paid in consideration of the service provided. The Directors believe that 80% of these fees relate directly to the raising of capital and have classified this proportion as issue costs. In accordance with the Companies Act 1985, the issue costs have been deducted from the share premium account.

The remaining 20% reflected above has been taken to revenue.

4. Investment Management Fee

	22 September 2006 to 31 December 2007		
	Revenue £'000	Capital £'000	Total £'000
Investment management fee	60	60	120
Irrecoverable VAT	10	10	20
	70	70	140

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 proportion of the fee attributable to the management of the investments of the Company.

5. Other Expenses

	22 September 2006 to 31 December 2007		
	Revenue £'000	Capital £'000	Total £'000
Directors' remuneration	33	-	33
Social security costs	2	-	2
Auditors' remuneration	12	-	12
Legal & professional fees	9	4	13
Other administration expenses	47	-	47
	103	4	107

All figures include irrecoverable VAT, where applicable. The company is not registered for VAT. Fees payable to the company's auditor for the audit of the company's financial statements are £10k excluding VAT. Further details on the Directors' fee disclosures are given in the Directors' Remuneration Report.

6. Tax Charge on Ordinary Activities

	22 September 2006 to 31 December 2007		
	Revenue £'000	Capital £'000	Total £'000
Loss on ordinary activities before tax	(196)	175	(21)
Loss on ordinary activities by tax rate (30%)	(59)	53	(6)
Adjustments:			
Non taxable gains on investments	-	(75)	(75)
Disallowed expenses	3	1	4
Unutilised losses for the current period	56	21	77
	-	-	-

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

At 31 December 2007 the Company had surplus management expenses of £258k. A deferred tax asset has not been recognised in respect of these surplus management expenses as the Company has only been

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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.

7. Basic and Diluted Return per Share

	22 September 2006 to 31 December 2007		
	Revenue	Capital	Total
£'000	(196)	175	(21)
Weighted average shares in issue (number)	5,156,960	5,159,960	5,156,960
Loss attributable per share (pence)	(3.8)	3.4	(0.4)

There are no dilutive potential ordinary shares, including convertible instruments, options or contingent share agreements in issue for the Company. The basic return per share is therefore the same as the diluted return per share.

8. Fixed Asset Investments

	2007 £'000
Unquoted investments	163
Equity shares	49
Unsecured loan notes	114
	163

	Qualifying Investments £'000
Opening valuation	-
Purchases at cost	163
Closing valuation at 31 December 2007	163

9. Significant Interests

The Company has interests of greater than 20% of the nominal value of the allotted shares in the following investee companies incorporated in the United Kingdom as at 31 December 2007:

Trading Companies	% class and share type	% voting rights
Aurem Ltd	24.95% A Ordinary	24.95%
Sounds Alive Ltd	24.95% A Ordinary	24.95%
Dormant Companies	% class and share type	% voting rights
IR Production Ltd	100% A Ordinary	100%
VCT UK Ltd	100% A Ordinary	100%

The investments made by the Company are part of its portfolio of investments. As a VCT, the Company value those investments at fair value in accordance with FRS 9 and FRS 26.

10. Debtors

	31 December 2007
	£'000
Trade Debtors	12
Prepayments and accrued income	3
	15

11. Current Asset Investment

	31 December 2007
	£'000
Funds held in listed money market instruments	8,514
	Non-Qualifying Investments
	£'000
Purchases at cost	8,559
Disposal proceeds	(231)
Unrealised change in value of investment	186
Closing valuation and book cost at 31 December 2007	8,514

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.

Included within the total amount for Non-Qualifying Investments, £1.2m has been invested in the Ingenious Enhanced Cash Fund managed by Ingenious Asset Management.

12. Creditors: Amounts Falling Due Within One Year

	31 December 2007
	£'000
Trade creditors	4
Accruals and deferred income	26
	30

13. Called-Up Share Capital

	31 December 2007
	£'000
Authorised	350
35,000,000 ordinary shares 1p each	350
Allotted, called-up and fully paid	
9,242,845 ordinary shares 1p each	92

9,242,843 shares were issued and allotted in accordance with the terms of the Prospectus. The two subscriber shares created upon incorporation were issued at par. Share issue costs amounting to £369,000 have been set off against share premium.

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.

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Date of issue and allotment	Number of shares allotted	Aggregate nominal value allotted £'000	Aggregate consideration received net of issue costs £'000
12 September 2006	2	-	-
2 April 2007	5,372,184	54	5,141
4 April 2007	1,214,248	12	1,166
5 April 2007	1,630,174	16	1,565
31 July 2007	1,026,237	10	985
	9,242,845	92	8,857

On 22 September 2006, the Company issued and allotted 50,000 redeemable preference shares of £1 each to the Manager (paid-up as at one quarter of their nominal value) in order to enable the Company to obtain a certificate under section 117 of the Companies Act 1985. On 18 April 2007, these redeemable preference shares were redeemed at par by the Company. Pursuant to article 4.3(iv) of the Articles, each redeemable preference share has since been re-designated as, and subdivided into, 100 ordinary shares of 1p each in the authorised but unissued share capital of the Company. The redeemable preference shares carried the right to receive a fixed cumulative preferential dividend from the revenue profits of the Company which are available for distribution and which the Directors determine to distribute by way of dividend in priority to any dividend payable on the ordinary shares, however, as there were no revenue profits during the period prior to redemption no dividends were paid.

14. Reserves

	Share premium £'000	Capital realised £'000	Capital unrealised £'000	Revenue reserve £'000	Total reserves £'000
At 22 September 2006	-	-	-	-	-
Issue of equity	9,134	-	-	-	9,134
Increase in fair value of investments held	-	-	186	-	186
Investment income	-	63	-	69	132
Arrangement fees	(369)	-	-	(92)	(461)
Investment management fees	-	(70)	-	(70)	(140)
Other expenses	-	(4)	-	(103)	(107)
At 31 December 2007	8,765	(11)	186	(196)	8,744

The Company has obtained a court order dated 19 December 2007, which subject to registration by the Registrar of Companies which is expected shortly, will reduce the Company's share premium account by £4,567k. The purpose of the reduction is to enable the Company to create a distributable reserve for the purpose of purchasing shares in the market.

15. Net Asset Value Per Share

	31 December 2007
Net assets attributable to shareholders (£'000)	8,836
Shares in issue (number)	9,242,845
Net asset value per share (pence)	95.6

16. Financial Instruments and Risk Management

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

Fixed asset investments (see note 8) are valued at fair value. For quoted securities included in current asset non qualifying investments, this is 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.

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 is subject to exposure to interest rate risk due to fluctuations in the prevailing levels of market interest rate.

When the Company retains cash balances, the majority of cash is held within an interest bearing money market open ended investment company (OEIC). This is the Non-Qualifying Investments amount on the Balance Sheet (£8,514k). 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 5.5 per cent as at 31 December 2007.

c) Credit risk

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

Whilst the Company is exposed to credit risk due to its unsecured loan note instruments (£114k), 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

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monitoring procedure, the Manager, closely monitors progress (including financial expenditure) against the investee companies' agreed business plans.

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.

17. Contingencies, Guarantees and Financial Commitments

There is currently interest income accruing on the unsecured loan note instruments at a rate of 6.5 per cent, being 1 per cent over the bank base rate which was 5.5 per cent as at 31 December 2007, totalling £3k. The repayment of this interest is contingent on future 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.

18. Related Party Transactions

The Company has appointed Ingenious Media Investments Limited, a company in which Patrick McKenna is a director, to be their promoter. Ingenious Media Investments Limited is a wholly owned subsidiary of Ingenious Media plc which is controlled by Patrick McKenna.

The Company has appointed Ingenious Ventures Limited, a company in which Patrick McKenna is a director, to provide investment management and administrative services. Ingenious Ventures Limited is a wholly owned subsidiary of Ingenious Media plc which is controlled by Patrick McKenna.

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

Entity	Expenditure paid £'000	Amounts due £'000
Ingenious Ventures Limited		
- Investment management fee	140	-
- Administration fee	15	-
Ingenious Media Investments Limited		
- Arrangement fee	461	-
		Amounts receivable £'000
Ingenious Media Investments Limited		
- Expenses recharged	-	12

The funds invested in OEIC's, are managed by Ingenious Asset Management Limited, a company in which Patrick McKenna is a director. Ingenious Asset Management is a wholly owned subsidiary of Ingenious Media plc which is controlled by Patrick McKenna.

Patrick McKenna is a director of The Young Vic (a registered charity) which holds 0.2% of the equity in each of the investee companies.

19. Events after the Balance Sheet date

The Company invested £402k in IR Productions Ltd on 29 January 2008. The newly formed company will provide funding for the three day Powderham castle event to be held in July 2008.

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 Securities Limited.

Selling your Shares may have tax consequences. You should contact your financial adviser if you are in any doubt as to such potential consequences.

3. Share Buy-Backs

The Company's share buy-back policy for the next financial year is set out on pages 31 and 32 but is subject to resolution 7 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, Computershare Investor Services PLC, 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.

Andrew Kenny

Tel.: +44 (0) 207 319 4004

Fax: +44 (0) 207 319 4001

Email: andrew.kenny@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)

NOTICE IS HEREBY GIVEN THAT the first Annual General Meeting of INGENIOUS LIVE VCT 1 plc (the **Company**) will be held at 3.00 pm on Thursday 20 March 2008 at 15 Golden Square, London W1F 9JG for the following purposes:

To consider and, if thought fit, pass resolutions 1 to 6 and 8 to 10 as ordinary resolutions and resolution 7 as a special resolution.

Annual Report and Accounts

1. To receive and consider the Company's Annual Report and Accounts for the period ended 31 December 2007.

Directors' Remuneration Report

2. THAT the Directors' Remuneration Report for the period ended 31 December 2007 be and is hereby approved.

Election of Directors

3. THAT Patrick McKenna, who was appointed on incorporation of the Company, and retires in accordance with the Company's articles of association, be re-elected as a non-executive director.
4. THAT Paul Gregg, who was appointed by the Board on 6 November 2006, and retires in accordance with the Company's articles of association, be re-elected as a non-executive director.
5. THAT Piers Gregson, who was appointed by the Board on 6 November 2006, and retires in accordance with the Company's articles of association, be re-elected as a non-executive director.
6. THAT Andrew Morris, who was appointed by the Board on 14 March 2007, and retires in accordance with the Company's articles of association, be re-elected as a non-executive director.

Share Buy-Backs

7. THAT the Company be and is hereby generally and unconditionally authorised pursuant to section 166 of the Companies Act 1985 (the **Act**) to make one or more market purchases (as defined in section 163 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 Inland 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 prices shown in the quotations for a Share in the Daily Official List of the London Stock Exchange for the five business days immediately preceding the date of purchase of the Share the net asset value per Share;

- (iii) the maximum and minimum prices being exclusive of expenses (including stamp duty); and
- (d) this authority, unless renewed or revoked prior to such time shall expire on the earlier of 15 months from the passing of this resolution and the conclusion of the Company's next Annual General Meeting. The Company may, before the expiry of such authority, conclude contracts to purchase Shares which will or may be completed wholly or partly after the expiry of such authority and may make purchases of Shares in pursuance of any such contracts as if the authority hereby conferred had not expired.

Auditors

- 8. 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.
- 9. THAT the Directors be and are hereby authorised to agree the remuneration of Grant Thornton UK LLP as auditors to the Company.

Electronic Communications

- 10. THAT the Company is generally and unconditionally authorised to use electronic means to convey information to its shareholders, including, but not limited to, sending and supplying documents or information to its shareholders by making them available on a website.

Dated: 7 February 2008

Registered Office:
15 Golden Square
London W1F 9JG

By order of the Board
Susan Ford
Company Secretary

NOTES

- (a) Explanations relating to the above resolutions can be found overleaf.
- (b) Shareholders entitled to attend and vote at the above meeting are entitled to appoint one or more proxies to attend, speak and vote in their place. A proxy need not be a shareholder of the Company.**
- (c) To be valid, the Proxy Form must be completed in accordance with 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) by no later than 48 hours before the time appointed for holding the meeting with the Company's registrars, Computershare Investor Services PLC, PO Box 1075, The Pavilions, Bridgwater Road, Bristol. BS99 3FA.
- (d) Completion of a Proxy Form will not prevent you from attending and voting at the meeting in person.
- (e) 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 members (the "**Register**") for certificated or uncertificated shares of the Company (as the case may be) at 3.00 pm on 18 March 2008 (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 members 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, members 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.
- (f) The terms and conditions of appointment of non-executive directors of the Company are available for inspection by any person at the Registered Office of the Company on each business day during normal business hours and will be available on the day of the AGM, at the place of the AGM, from at least 15 minutes prior to the AGM until its conclusion.

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 in this resolution to resolve to receive the Annual Report & Accounts for the period ended 31 December 2007.

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 to 31 December 2007 which can be found on pages 15 to 16.

Resolutions 3 to 6 – Election of Directors

Pursuant to the Combined Code and the Company’s articles of association, all of the Directors will retire from office and seek election at the AGM (this being the Company’s first annual general meeting). The Directors’ biographical details can be found on page 7.

Resolution 7 – Share Buy-Backs

Pursuant to the Company’s articles of association the Company is 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;
- more than the net asset value 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.

This authority will expire at the conclusion of the Company’s first 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 and resolution 9 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 Companies 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 8 and 9 – 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.

Resolution 10 – Electronic Communications

This is an ordinary resolution to permit the Company to make use of a new regime relating to electronic communications with its shareholders. The new regime came into effect in January 2007 as a result of the implementation of certain provisions of the Companies Act 2006 and by amendments to the Disclosure Rules and Transparency Rules of the Financial Services Authority. If this resolution is approved, the Company intends to write to its shareholders later this year as to whether they wish to receive documents or other information from the Company in hard copy or electronically.

Such consultation will require shareholders to elect either to receive future documents or information in hard copy or to receive them by electronic means. If a shareholder does not respond to the consultation within 28 days, such shareholder will be deemed to have elected to receive future documents and information from the Company by electronic means. However, shareholders who have made an election or a deemed election to receive documents or information from the Company by electronic means will still be able to notify the Company at any time that they wish to receive documents or information in hard copy. Shareholders who elect or who are deemed to have elected to receive future documents or information by electronic means, and who have registered their e-mail address with the Company's registrars, will then receive an e-mail notification as and when relevant documents or information are available on the Company's website. If no e-mail address is registered, or a registered email address is incorrect, a letter will be sent to the applicable shareholder at their registered postal address, informing them that the relevant document or information is available on the Company's website.

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PROXY FORM

ANNUAL GENERAL MEETING 20 MARCH 2008

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

	Notes
Name: (full)	
Address: (full)	
Postcode:	

I/we the abovementioned shareholder(s) of Ingenious Live VCT 1 plc, hereby appoint the Chairman of the Annual General Meeting *If you wish to appoint someone other than the Chairman of the Annual General Meeting as your proxy, then please cross-out the words the Chairman of the Annual General Meeting and insert the full name(s) of the person(s) that you wish to appoint as your proxy below (note that a proxy need not be a member of the Company, but must attend the meeting in person):*

	1
Name: (full)	
Address: (full)	
Postcode:	

as my/our proxy to vote in my/our name(s) and on my/our behalf at the Annual General Meeting of Ingenious Live VCT 1 plc to be held on 3.00 pm on 20 March 2008 at 15 Golden Square London W1F 9JG and at any adjournment thereof.

		For	Against	Withheld	2
1.	To receive and consider the Company's Annual Report and Accounts for the period ended 31 December 2007 (<i>ordinary resolution</i>)				
2.	To approve the Directors' Remuneration Report as set out in the 2007 Annual Report & Accounts (<i>ordinary resolution</i>)				
3.	To re-elect Patrick McKenna as a non-executive Director (<i>ordinary resolution</i>)				
4.	To re-elect Paul Gregg as a non-executive Director (<i>ordinary resolution</i>)				
5.	To re-elect Piers Gregson as a non-executive Director (<i>ordinary resolution</i>)				
6.	To re-elect Andrew Morris as a non-executive Director (<i>ordinary resolution</i>)				
7.	To approve the Company's authority to make market purchases of Shares (<i>special resolution</i>)				
8.	To approve the re-appointment of Grant Thornton UK LLP as auditors to the Company (<i>ordinary resolution</i>)				
9.	To approve the Directors authority to agree the remuneration of Grant Thornton UK LLP (<i>ordinary resolution</i>)				
11.	To authorise the Company to deliver documents to shareholders electronically (<i>ordinary resolution</i>)				

Shareholder signature:		3
Date:		

NOTES

- 1 You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise 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 Manager 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 you sign this Form of Proxy and return it without an indication of as to how your proxy will vote on any particular matter, your proxy will exercise his or her discretion as to whether, and if so how, he/she votes and he/she may also vote on any other business (including any amendments to the resolutions) which may be properly conducted at the Annual General 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. 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.

Upon completing this Proxy Form, please sign and return it to the Company's registrars, Computershare Investor Services PLC, PO Box 1075, The Pavilions, Bridgwater Road, Bristol. BS99 3FA. This Proxy Form must be received by Computershare Investor Services PLC by no later than 48 hours 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:

AGM

The annual general meeting of the Company which is to be held on 20 March 2008 as convened by the Notice.

Annual Report & Accounts

These annual report & accounts of the Company for the period ending 31 December 2007.

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 2003.

Companies Act

Companies Act 1985 and Companies Act 2006.

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.

FSA

Financial Services Authority.

FRS

Financial Reporting Standard.

Grant Thornton

Grant Thornton UK LLP.

ICTA

Income & Corporation Taxes Act 1998.

ITA

Income Tax Act 2007.

Ingenious or Ingenious Group.

Ingenious Media plc and its subsidiaries.

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 Music VCTs

Ingenious Music VCT plc and Ingenious Music VCT 2 plc.

Ingenious Ventures

Ingenious Ventures Limited.

Manager

Ingenious Ventures.

Notice

The notice convening the AGM and which can be found on page 31.

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

An investment by a VCT in a Qualifying Company.

Shares

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

Shareholder

Holders of Shares.

SORP

Has the meaning given to it on page 22.

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.