Annual Report and Accounts

for the year ended 30 September 2007

THE INCOME & GROWTH VCT PLC

(formerly TriVest VCT plc)

Investment Objective

The objective of The Income & Growth VCT plc ("I&G" or "the Company") is to provide investors with an attractive return, by maximising the stream of dividend distributions from the income and capital gains generated by a diverse and carefully selected portfolio of investments.

The fund invests in companies at various stages of development. In some instances this includes investments in new and secondary issues of companies which may already be quoted on the Alternative Investment Market ("AiM") or PLUS.

As a multi-manager VCT, the fund has benefited from the combined specialist investment skills and industry knowledge of three independent management teams, Foresight Group LLP, Matrix Private Equity Partners LLP, and Nova Capital Management Limited, each specialising in different sectors of the economy to select its investments. The Company terminated its management agreement with Nova Capital Management Limited by mutual consent with effect from 31 August 2007, and the Board decided that it would be in the best interests of Ordinary Shareholders to change the Company to a dual manager fund at that date. On 31 August 2007, the portfolio of Nova Capital Management Limited was transferred to Foresight Group LLP and Matrix Private Equity Partners LLP in equal proportions.

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Key Data

	30 September 2007	30 September 2006	Change (%)
Net asset value per share (p)	100.52	112.89	(10.96)%
Share price (p)[1]	87.50	84.50	3.55%
Discount (%)	(12.95)	(25.15)	48.51%
Cumulative dividends paid and proposed (p)[2]	16.45	12.45	32.13%
Total return since launch per share (p)[3]	114.97	121.59	(5.44)%
Net assets (£)	36,778,493	44,150,278	(16.70)%

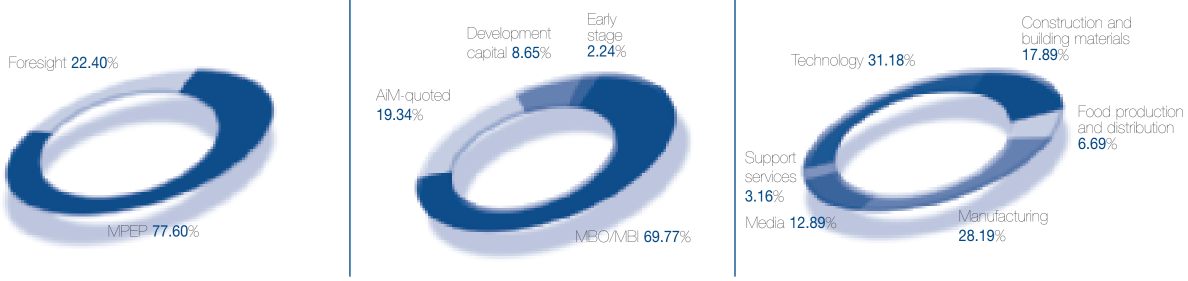
[1] Source: London Stock Exchange
[2] Proposed dividends for the year ended 30 September 2007 are a final revenue dividend of 1 penny per share and a final capital dividend of 1 penny per share.
[3] Net asset value per share plus cumulative dividends paid and declared at the year-end.

Investments at valuation at 30 September 2007

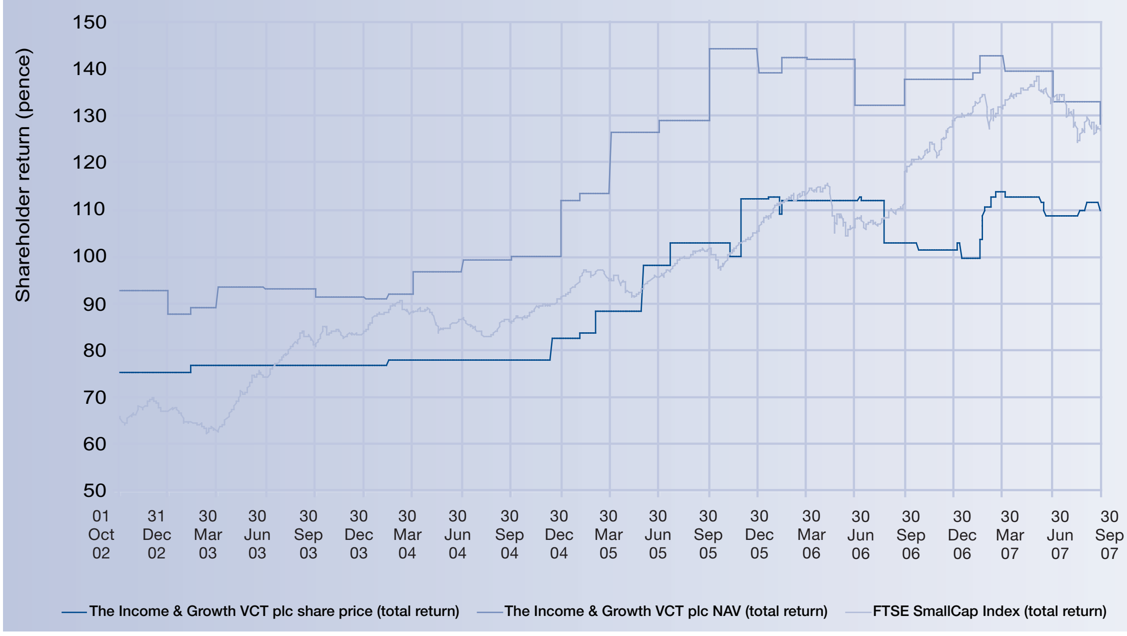
By investment manager

By stage of development

By market sector



Total shareholder return since 1 October 2002 compared to the FTSE SmallCap Index



Source: Landsbanki Securities (UK) limited

All data has been re-based to 100 pence with effect from 15 November 2000, the date on which the Company's shares were first admitted to trading.

Chairman's Statement

I am pleased to present to Shareholders the seventh Annual Report of the Company for the year ended 30 September 2007. This is also the first annual report of the Company under its new name with two rather than three Investment Managers.

The middle part of this six-month period to 30 September 2007 was overshadowed by economic uncertainties including debt market tremors which then influenced equity markets worldwide. The latter part has been dominated by the capital restructuring and the name change from TriVest VCT plc to The Income & Growth VCT plc, and the planning for the forthcoming Offer for Subscription by the Company. I will comment in more detail about these events below. The Board has been much encouraged by the positive Shareholder reaction to these latter events.

Despite a fall in the net asset value per share, the performance of the portfolio continues in general to provide encouragement. Falls in the share prices of several of our quoted stocks have offset positive gains elsewhere in the portfolio. As I reported last year, the Company paid an interim dividend of 3 pence per share in February 2007 to Shareholders in respect of the year ended 30 September 2007. This year capital gains have again been realised, and in October 2007 a further interim dividend of 2 pence per share, also in respect of the year ended 30 September 2007, was paid. These distributions were in addition to the proposed final income dividend of 1 penny per share and final capital dividend of 1 penny per share for the year ended 30 September 2007. The total dividends paid and proposed in respect of the year under review will be 7.00 pence per share which compares with 3.25 pence per share paid in respect of the financial year ended 30 September 2006.

Economic Background

At the end of the six-month period ended 30 September 2007 stock markets around the world were dominated by the difficulties in the US sub-prime mortgage market and in the UK by the events surrounding the banking activities of Northern Rock. Whilst the worst of the turmoil may be over in the short term, there can be no certainty that further falls in these stock markets will not be seen in the near future.

During the six-month period ended 30 September 2007 the FT 100 index rose 4.27% and the FT all share index by 2.7% whilst the AIM index fell by 1.92%. The AIM new issue market has been largely dormant during this period with many IPO prices being substantially lower at the end of the period.

Whilst the market in which the Company invests has not been directly or immediately affected by these events, sentiment may nevertheless have been affected, which could work in the Company's favour in the short to medium term if buying prices become more attractive.

On the investment side generally, there is still no shortage of equity and debt providers looking for good propositions possibly because, *inter alia*, VCT managers, which have raised substantial sums of money in recent years must invest these funds within three years from the date of subscription. Competition to finance such situations continues to remain relatively strong, although hopefully more of these providers will become more discerning or cautious. The Investment Managers continue to be wary of some high valuations being placed on businesses in the current market, but they remain confident of sourcing good quality investments.

Net Asset Value

At 30 September 2007, the Company's Net Asset Value (NAV) per share had fallen to 100.52 pence (2006: 112.89 pence), a decline of 10.96%. Whilst the Matrix Private Equity Partners LLP (MPEP) portfolio has risen by £4.38 million during the period, that of Foresight Group LLP (Foresight) has fallen by £8.87 million largely due to falls in the share price of several quoted companies. The Company, after the proposed final income dividend of 1 penny per share, the proposed final capital dividend of 1 penny per share and the earlier distributions of 3 and 2 pence per share referred to above, will have distributed dividends of 16.45 pence per share since the Company's launch. This total return since launch (including these dividends) of 114.97 pence compares with the initial NAV (after the launch expenses of the issue) of 94.5 pence per share.

The Portfolio

At present, MPEP manages some 77.6 % of the portfolio with Foresight managing 22.4%. By market sector, the portfolio is evenly balanced with investments in technology companies at 31.2%, manufacturing companies at 28.2%, construction and building materials at 17.9% and the balance in a variety of other sectors. When the portfolio is considered by stage of development, the portfolio is heavily dominated by MBO / MBI investments at 69.8%, with 19.3% in AiM-quoted stocks, 8.7% in development capital companies and only 2.2% in early stage investments.

As noted above, the Foresight portfolio has made mixed progress. You may recall that in January 2006 Corero plc was bought by Mondas plc. In April 2007 the Company received 1,358,525 additional shares in Corero in respect of the earnout from the initial sale of Mondas. In June 2007 the Company sold its investment in Rapide Communications Limited, realising a total loss of £335,523.

An additional investment of £211,000 was made in July 2007 into Sarantel Group plc. In the same month the Company sold its stake in SmartFOCUS plc for £1,607,281, and its secured loan for £333,333. This represented a cumulative profit of £1,240,615. However, the difficulties surrounding the termination of the fuel additive contract with Petrol Ofisi in Turkey and the subsequent fall in the share price of Oxonica plc has dominated the performance of the Foresight portfolio during this period. The recent restructuring of this company together with its further fundraising is expected to stabilise the position of the company and allow it time to demonstrate the value of its business. The sharp decline in

Oxonica's share price has been largely responsible for the fall in the net asset value of I&G during this period.

Overall, the MPEP portfolio continues to perform extremely well with strong trading performances being shown by some of the investments; notably Blaze Signs, Youngman, PastaKing, Vectair, VSI and, not least, HWA. Within the MPEP portfolio in April 2007, Image Source repaid £695,000 of its secured subordinated loan. This produced a profit of £139,000, which together with the capital repayment, means the Company received a total of £834,000. In the same month Amaldis also repaid its loan stock of £890,000 pursuant to its restructuring. In May 2007, our 100,000 preference shares in Inca Interiors were converted into 36,370 A ordinary shares. In July 2007, we made an initial investment of £656,900 into ordinary shares and secured loan stock in DiGiCo Europe. In September 2007, the Company made a further investment of £977,531 into ordinary shares, preference shares and secured loan stock in Blaze Signs Holdings, the manufacturer of signage for major multiple retailers. This was to assist the company in its acquisition of Active Sign Maintenance Limited.

In the Nova portfolio, the Company invested a further £135,000 into IDOX for 1,800,000 ordinary shares in June 2007. NexxtDrive continues to move ahead with the development of its fuel efficiency products while it waits for an opportune moment to seek a public listing. At the end of the financial year, following Nova's resignation, the four investments and remaining cash were allocated between Foresight and MPEP.

Revenue Earnings

The revenue earnings after tax as shown in the profit and loss account for the year fell by £102,336. although there have been some sizeable fluctuations in sources of income. Loan stock interest has fallen by £361,043, mainly due to a decision taken to provide against the accumulated loan interest receivable from Aquasium. Income dividends from investments more than trebled to £148,606. Liquidity fund interest rose by £109,857 (41%), as higher cash balances after disposals earned higher rates of interest.

Running costs were broadly similar to last year's other than an increase in professional fees of £49,092, arising from costs incurred in the restructuring of the Company.

The effective tax rate declined due to the receipt of higher dividends from investee companies this year, which are not taxable, and a lower level of disallowable expenditure, causing a fall in the tax charged against revenue earnings of £81,479.

Dividends

The Company's revenue return per Ordinary Share was 0.62 pence per share (2006: 0.86 pence per share). As noted above, your Board will be recommending a final income dividend of 1 penny per share and a final capital dividend of 1 penny per share in respect of the year under review at the Annual General Meeting to be held on 6 February 2008. The dividends will be paid on 15 February 2008 to shareholders on the Register on 18 January 2008.

Dividend Investment Scheme

We are again offering Shareholders the opportunity to re-invest their dividends into shares of the Company at the latest published NAV per share as at the payment date of the dividends. Board members have indicated that they will be doing so to the extent of their full entitlement. The relevant enclosed form should be returned to Capita Registrars at the address given on the form so as to arrive by 31 January 2008 to ensure that you qualify to receive the proposed final dividends as shares.

Valuation Policy

In accordance with accounting standards, quoted stocks are valued at bid prices. It is worth commenting that the Fund holds a number of relatively early stage AIM listed stocks with limited marketability. In such cases, the price at which a sizeable block of shares could be traded, if at all, may vary significantly from the market price used.

Change from TriVest VCT plc to The Income & Growth VCT plc

In my Letter of 12 September 2007 to you earlier this year I said that:

"….*The Board has been aware for some time that Nova Capital Management ('Nova') wished to terminate its management agreement with the Company when it believed it had discharged the tasks and responsibilities set out in its mandate*. *Several months ago Nova and the Board concluded that this position had now largely been reached.* …."

In the light of Nova's decision to resign and having reviewed extensively various options, the Board considered that it would be in the best interests of Shareholders to change the Company to a dual manager fund under the existing management of Foresight and MPEP.

Foresight and MPEP became, therefore, the dual Investment Managers of the Company on 31 August 2007 when Nova resigned. I would like to take this opportunity to thank Nova for its contribution in managing its portfolio over the past five years, after taking on the mandate at a difficult time for the portfolio in 2002, and I, together with the rest of the Board, wish Nova every success in the future.

The proposals to restructure the Company were put to Shareholders at an Extraordinary General Meeting on 9 October 2007. All Resolutions were successfully passed. A total of 329 members who hold 4,826,201 Ordinary Shares, representing 13.20% of the Company, submitted proxy votes on the proposals. The Board was encouraged by this response and, on behalf of the Board, I would like to thank all Shareholders for their support.

MPEP has to-date been the most successful of the Company's three Investment Managers and is currently one of the top VCT managers in the marketplace. MPEP was, therefore, selected to manage the new S Share fund which is currently being raised.

Offer for Subscription by the Company

The Offer for Subscription under the Securities Note to raise up to £15 million for I&G by the issue of S Shares is being launched. The reaction to date from independent commentators and the leading IFAs has, as expected, been positive.

Share buy-backs

During the year ended 30 September 2007, the Company continued to implement actively its buy-back policy and, accordingly, bought back 2,589,324 Ordinary Shares (representing 7.1 % of the shares in issue at the period end) at a total cost of £2,189,016 (net of expenses of £13,087). These shares were subsequently cancelled by the Company.

I&G Website

May I remind you that the Company has its own website which is now available at www.incomeandgrowthvct.co.uk.

UK Private Equity 2007 Awards

I am delighted to be able to inform you that MPEP was short listed for the third year running for the award for the Small Buyout House of the Year by unquote ", the UK private equity journal of record. I am confident that this is due in no small measure to the performance of their portfolio within I&G.

I am also pleased to report that Chris Price of Foresight won the award for Rising Star of the Year at the same awards ceremony.

This has been another busy year for the Board and the Managers. The Board continues to be pleased with the progress that the overall portfolio has made and we anticipate a number of profitable realisations over the forthcoming twelve months. Once again I would like to take this opportunity to thank Shareholders for their continued support.

Colin Hook
Chairman
30 November 2007

Investment Managers' Review

Matrix Private Equity Partners

The year has been one of further progress in the MPEP portfolio, with four investments over the period, four investments returning capital and profit to the Company by way of refinancings or repayment of premiums, and a number of investments with strong expectations of profitable realisations in the coming months.

Following the previously reported investments of £790,912 and £550,852 to support the MBOs of Pinewood Structures and Racoon International respectively last December, we pursued a highly selective approach to new investment in the first half of calendar year 2007, in the face of a temporary increase in acquisition prices and a variable quality of opportunities.

Since June, however, we have completed two further investments. In early July the Company invested £656,900 to support the MBO of DiGiCo Europe, the global market leading manufacturer of digital sound mixing consoles for the live performance, theatre, post-production and broadcast markets. This was followed in September by an additional investment of £977,531 in Blaze Signs, the manufacturer of signage for major multiple retailers. This followed the Company's original investment of £360,969 in April 2006 and enabled Blaze to complete the acquisition of Active Sign Maintenance, a complementary maintenance business. This has broadened Blaze's capabilities and will offer considerable cross-selling opportunities and operating synergies.

We are currently reviewing a strong pipeline of MBO investment opportunities and are encouraged that more realistic pricing appears to have returned to the market.

In the early part of the year a total of £3.4 million was returned by Brookerpaks, Letraset, Image Source and Original Additions by a mixture of bank refinancings and repayment premiums. The major refinancing of Original Additions, a highly successful 2004 MBO, enabled the Company to receive a total return of £1.7 million in respect of its original investment whilst retaining its equity stake by way of a shareholding of 11% in a new holding company, Amaldis. The business continues to trade strongly.

The portfolio continues to develop strongly and a number of investments are formally considering realisations. All of these were already in train prior to the recently announced changes to Capital Gains Tax and we remain confident that these planned exits should not be disrupted by the expected volume of opportunistic realisation activity likely to manifest itself in the coming period to 31 March 2008 when taper relief is to be removed.

It is encouraging that so many portfolio companies have reported continuing strong profit performances, notably Blaze Signs, Youngman, PastaKing, Vectair, VSI and HWA. Overall, the newer investments have performed broadly in line with expectations, and whilst a small number of older investments, including Inca and Letraset, continue to find trading conditions challenging, there has been a strong turnround in performance by BG

Consulting following its reconstruction. In addition, we anticipate receiving further proceeds from the sale last year of the Company's investment in Secure Mail Services, following the achievement of a key performance milestone subsequent to disposal in 2006.

Our portfolio has increased with the addition of two quoted investments previously managed by Nova, Tikit Group plc and IDOX plc. Including these, the MPEP portfolio now comprises 27 companies at a total current cost of £13.7 million and a valuation of £24 million, 175% of cost.

Details of the Company's fifteen largest investments by value are set out below. Where relevant, operating profit is stated before charging amortisation of goodwill.

HWA Limited (trading as Holloway White Allom) www.hwa.co.uk

Cost: £69,105
Valuation: £4,691,649
Basis of valuation: Discounted earnings
Equity % held: 17%
Business: High value property restoration and refurbishment
Location: London
History: Management buy-out from John Laing plc
Income in year to I&G: £37,810
Audited financial information:

Year ended	Turnover	Operating Profit	Net Liabilities
31 December 2006	£68,113,000	£4,185,000	(£138,000)

Youngman Group Limited www.youngmangroup.com

Cost: £1,000,052
Valuation: £2,930,234
Basis of valuation: Discounted earnings
Equity % held: 8.5%
Business: Manufacture of ladders and access towers
Location: Maldon, Essex
History: Management buy-in/buy-out from SGB Group
Income in year to I&G: £80,454
Audited financial information:

Year ended	Turnover	Operating Profit	Net Assets
30 June 2007	£49,313,000	£5,878,000	£4,434,000

Image Source Group Limited www.imagesource.com

Cost: £305,000
Valuation: £2,850,171
Basis of valuation: Discounted earnings
Equity % held: 39.6%
Business: Royalty-free photography creator
Location: London
History: Management buy-out
Income in year to I&G: £42,500
Audited financial information:

Year ended	Turnover	Operating Profit	Net Assets
31 December 2006	£8,595,000	£1,238,000	£1,853,000

Blaze Signs Holdings Limited www.blaze-signs.com

Cost:	£1,338,500
Valuation:	£1,704,694
Basis of valuation:	Price of Recent Investment
Equity % held:	12.5%
Business:	Manufacture and installation of signs
Location:	Broadstairs, Kent
History:	Management buy-out
Income in year to I&G:	£35,745
Audited financial information:	First audited accounts will be for the year ended 31 March 2007

BBI Holdings plc www.bbigold.com

Cost:	£496,119
Valuation:	£1,430,231
Basis of valuation:	Bid price (AiM-quoted)
Equity % held:	2.1%
Business:	Developer and manufacturer of rapid test diagnostic products
Location:	Cardiff
History:	AiM flotation
Income in year to I&G:	£678

Audited financial information:

Year ended	Turnover	Operating Profit	Net Assets	Earnings per Share
31 March 2007	£9,732,000	£2,339,000	£12,446,000	3.6p

Tikit Group plc www.tikit.com

Cost:	£500,000
Valuation:	£1,304,346
Basis of valuation:	Bid price (AIM-quoted)
Equity % held:	3.4%
Business:	IT solutions and support services to the legal and accounting industries
Location:	London
History:	AiM flotation
Income in year to I&G:	£19,566

Audited financial information:

Year ended	Turnover	Operating Profit	Net Assets	Earnings per Share
31 December 2006	£23,517,000	£2,704,000	£6,197,000	11.3p

Ministry of Cake (Holdings) Limited www.ministryofcake.co.uk

Cost:	£721,280
Valuation:	£1,039,709
Basis of valuation:	Discounted earnings
Equity % held:	12.3%
Business:	Manufacture of frozen cakes and desserts for the foodservice industry
Location:	Taunton, Somerset
History:	Management buy-in/buy-out from private ownership
Income in year to I&G:	£52,672

Audited financial information:

Year ended*	Turnover*	Operating Profit*	Net Assets*
30 June 2006	£13,948,000	£701,000	£1,766,000

*Financial information is for the company's only operating subsidiary, Ministry of Cake Limited

Amaldis Limited (Original investment into Original Additions (Beauty Products) Limited)

Cost:	£80,313	www.originaladditions.com
Valuation:	£967,438	
Basis of valuation:	Discounted earnings	
Equity % held:	11.0%	
Business:	Manufacturer and distributor of beauty products	
Location:	Hayes, Middlesex	
History:	Management buy-out	
Income in year to I&G:	£470,098	

Audited financial information for Original Additions (Beauty Products) Limited:

Year ended	Turnover	Operating Profit	Net Assets
31 December 2006	£17,637,000	£2,858,000	4,436,000

Tottel Publishing Limited www.tottelpublishing.com

Cost:	£514,800
Valuation:	£809,221
Basis of valuation:	Discounted earnings
Equity % held:	13.7%
Business:	Publisher specialising in legal and tax titles
Location:	Haywards Heath, West Sussex
History:	Management buy-out
Income in year to I&G:	£41,367

Audited financial information:

Year ended	Turnover	Operating Profit	Net Assets
28 February 2007	£4,590,000	£414,000	£952,000

PXP Holdings Limited (Pinewood Structures) www.pinewood-structures.co.uk

Cost:	£790,912
Valuation:	£790,912
Basis of valuation:	Cost
Equity % held:	6.7%
Business:	Design, manufacture and supply of timber frames for buildings
Location:	Sandy, Bedfordshire
History:	Management buy-out
Income in year to I&G:	£34,962
Audited financial information:	First audited accounts will be for the period ending 31 December 2007

IDOX plc www.idoxplc.com

Cost:	£872,625
Valuation:	£775,833
Basis of valuation:	Bid price (AiM-quoted)
Equity % held:	2.4%
Business:	Development and supply of information and knowledge management products and services
Location:	London
History:	AiM flotation
Income in year to I&G:	£3,183

Audited financial information:

Year ended	Turnover	Operating Loss	Net Assets	Loss per Share
31 October 2006	£13,031,000	(£86,000)	£8,407,000	(0.51p)

VSI Limited www.lightworkdesign.com

Cost: £388,853
Valuation: £730,901
Basis of valuation: Discounted earnings
Equity % held: 10%
Business: Provider of software for CAD and CAM vendors
Location: Sheffield
History: Management buy-out
Income in year to I&G: £34,791
Audited financial information:

9 months period ended	Turnover	Operating Profit	Net Assets
31 December 2006	£3,169,000	£792,000	£898,000

DiGiCo Europe Limited www.digico.org

Cost: £656,900
Valuation: £656,900
Basis of valuation: Cost
Equity % held: 4.3%
Business: Manufacturer of digital sound mixing consoles
Location: Chessington, Surrey
History: Management buy-out
Income in year to I&G: £9,120
Audited financial information: First audited accounts will be for the period ending 31 December 2007

PastaKing Holdings Limited www.pastaking.net

Cost: £292,405
Valuation: £611,778
Basis of valuation: Discounted earnings
Equity % held: 4.5%
Business: Manufacturer and supplier of fresh pasta meals
Location: Newton Abbot, Devon
History: Management buy-out
Income in year to I&G: £31,099
Audited financial information:

Year ended*	Turnover*	Operating Profit*	Net Assets*
30 June 2006	£5,933,000	£1,402,000	£1,922,000

*Financial information is for the company's only operating subsidiary, PastaKing (UK) Limited

British International Holdings Limited www.brit-int.com

Cost: £500,000
Valuation: £538,535
Basis of valuation: Discounted Earnings
Equity % held: 5.0%
Business: Helicopter service operator
Location: Penzance, Cornwall
History: Management buy-out
Income in year to I&G: £34,830
Audited financial information:

Year ended*	Turnover*	Operating Profit*	Net Assets*
30 June 2006	£20,385,000	£2,301,000	£1,913,000

*Pro forma information consolidating group results for the year

The remaining twelve investments in the MPEP portfolio have a current cost of £5,027,000 and are valued at 30 September 2007 at £2,160,000.

Further details of the investments in the MPEP portfolio may be found on MPEP's website: www.matrixpep.co.uk

Foresight Group

The last twelve months have seen unprecedented volatility in the performance of the portfolio's quoted holdings and as a consequence the underlying investment performance of Foresight's element of I&G has suffered.

On the one hand, SmartFOCUS plc increased revenues by 52% and delivered almost £1 million in operating profit in the year to 31 December 2006 and continued to make progress in the six months to 30 June 2007. As a result of its improved performance the underlying share price increased and I&G sold its entire holding for £1,607,281, realising a profit of £1,240,000 compared to an original cost of £367,000. Additionally, SmartFocus repaid its loans, totalling £333,333, during January and February 2007.

On the other hand the company's remaining quoted holdings, Oxonica plc, Sarantel plc, ANT plc and Corero plc have disappointed.

On 27 April 2007 Oxonica's shares were suspended (at 117.5p) from the AIM market following the termination of a significant contract for its fuel additive, Envirox. Following an agreed settlement with Petrol Ofisi, Oxonica's shares re-listed on 6 June but the impact of the contract loss on its share price was significant and at 30 September 2007 its shares were trading at a bid price of 38.0p representing a fall of £5.3 million in the value held by I&G since 30 September 2006. As a result of the termination of the contract with Petrol Ofisi the company's sales revenues for the year to December 2007 will be substantially lower than in 2006 but the company continues to see development in all areas of its business and the company has announced plans to raise new capital to exploit the business's considerable potential.

Sarantel announced 15 design wins for its antennae in its interim results to 31 March 2007 and several more in the period to 30 September but it has continued to struggle to convert these wins into volumes orders. Sales for the six months ended 31 March 2007 were £1.5 million against £2.3 million a year earlier and losses had widened to £3.2 million (2006: £2.7 million). Existing investors including I&G (£211,000) provided £2.1 million in ongoing working capital for the business during July 2007.

ANT announced that the rollout of IPTV across its customer base was not accelerating as quickly as originally anticipated and this was reflected in its recently issued interim results for the six months ended 30 June 2007. Sales were disappointingly down 28.6% at £1m (£2006: £1.4 million) resulting in a loss of £1.9m (2006: £1.0 million). However, ANT's leading position in this nascent market should be valuable as customer demand increases.

Corero recently announced disappointing results for the first half of 2007. Sales fell slightly to £2.6 million (2006: £2.7 million) and losses widened to £0.6 million from breakeven a year earlier. Despite these results the company believes it is in a better position to win new business following the streamlining of its financial markets division and changes to its internal management structure. Improved order flow since the results were announced should see an improved performance during the second half of the year. I&G received a further 1,358,525 shares in the company (at no cost) during April 2007 as part of the deferred consideration for the sale of Blue Curve Limited in 2006.

Within the unquoted portfolio, the most significant movements were the decrease in the valuation of Aquasium Technology (£492,300) which, as a result of delayed contract orders, is likely to be less profitable than in prior years and the decrease in the valuation of Camwood (£641,339). Camwood's profits declined both as a result of investment in new product offerings and the slower than anticipated uptake of Microsoft Vista.

Details of the ten largest investments, by value, managed by Foresight Group are set out below:

Oxonica plc www.oxonica.com

Cost: £2,136,763
Valuation: £1,944,060
Basis of valuation: Bid price (AiM-quoted)
Equity % held: 11.3%
Business: Leading international nanomaterials group
Location: Kidlington, Oxon
History: Expansion capital
Income in year to I&G: £nil
Audited financial information:

Period ended	Turnover	Operating Loss	Net Assets
31 December 2006	£10,229,000	(£2,641,000)	£18,046,000

Camwood Limited www.camwood.com

Cost: £1,028,181
Valuation: £1,028,181
Basis of valuation: Previous carrying value less impairment
Equity % held: 34.7%
Business: Provides an "Enterprise Platform Manager" allowing customers to assess the introduction of new software systems
Location: London
History: Expansion capital
Income in year to I&G: £46,667
Audited financial information:

Period ended	Turnover	Operating Profit	Net Liabilities
31 March 2006	£5,003,000	£513,000	(£8,000)

Biomer Technology Limited www.biomertechnology.co.uk

Cost: £137,170
Valuation: £753,837
Basis of valuation: Previous carrying value
Equity % held: 5.6%
Business: Development of biomaterials for medical devices
Location: Runcorn
History: Expansion capital
Income in year to I&G: £nil
Audited financial information:

Period ended	Turnover	Operating Loss	Net Assets
31 March 2007	£85,231	(£483,851)	£1,249,392

Nexxtdrive Limited www.nexxtdrive.com

Cost: £812,014
Valuation: £738,264
Basis of valuation: Previous carrying value
Equity % held: 9.75%
Business: Development of hybrid automotive technology
Location: London
History: Expansion capital
Income in year to I&G: £139,081
Audited financial information:

Period ended	Turnover	Operating Loss	Net Liabilities
31 December 2006	£0	(£783,449)	(£1,055,698)

Aquasium Technology Limited www.camvac.eng.co.uk

Cost: £700,000
Valuation: £567,310
Basis of valuation: Discounted earnings
Equity % held: 16.7%
Business: Design, manufacture and marketing of bespoke electron beam welding & vacuum furnace equipment
Location: Cambridge
History: Expansion capital
Income in year to I&G: £nil
Audited financial information:

Period ended	Turnover	Operating Profit	Net Assets
31 December 2006	£10,487,000	£413,000	£300,000

Alaric Systems Limited www.alaric-systems.co.uk

Cost: £595,803
Valuation: £446,822
Basis of valuation: Cost less impairment
Equity % held: 7.3%
Business: Software developer and provider of support service in the card authorization and payments market
Location: London
History: Expansion capital
Income in year to I&G: £2,516
Audited financial information:

Period ended	Turnover	Operating Loss	Net Liabilities
31 March 2007 (Draft)	£4,499,000	(£508,000)	(£604,000)

Sarantel Group plc
www.sarantel.com

Cost:	£1,881,252
Valuation:	£408,465
Basis of valuation:	Bid price (AiM-quoted)
Equity % held:	8.9%
Business:	Developer and manufacturer of antennae for mobile phones and other wireless devices
Location:	Wellingborough
History:	Expansion capital
Income in year to I&G:	£nil

Audited financial information:

Period ended	Turnover	Operating Loss	Net Assets
30 September 2006	£4,022,000	(£7,219,000)	£10,571,000

DCG Datapoint Group Limited
www.datapointconsulting.com

Cost:	£312,074
Valuation:	£376,283
Basis of valuation:	Price earnings multiple
Equity % held:	6.3%
Business:	Provider of data storage and back-up solutions to corporates
Location:	Lightwater, Surrey
History:	Expansion capital
Income in year to I&G:	£16,083

Audited financial information:

Period ended	Turnover	Operating Profit	Net Liabilities
31 March 2007	£5.323,000	£233,895	(£772,000)

Aigis Blast Protection Limited
www.aigis.co.uk

Cost:	£272,120
Valuation:	£249,990
Basis of valuation:	Previous carrying value less impairment
Equity % held:	4.2%
Business:	Blast protection materials for homeland security and military use
Location:	Rugby
History:	Expansion capital
Income in year to I&G:	£nil

Audited financial information:

Period ended	Turnover	Operating Loss	Net Assets
31 December 2006	£2,253,000	(£931,000)	£1,555,000

Corero plc www.corero.com

Cost: £600,000
Valuation: £279,955
Basis of valuation: Bid price (AiM-quoted)
Equity % held: 6.5%
Business: Financial services and education software solutions
Location: London
History: Expansion capital
Income in year to I&G: £nil
Audited financial information:

Period ended	Turnover	Operating Profit	Net Assets
31 December 2006	£6,294,000	£593,000	£378,000

The remaining investment in the Foresight portfolio has a current cost of £462,816 and is valued at 30 September 2007 at £131,319.

Further details of the investments in the Foresight portfolio may be found on Foresight's website: www.foresightventrurepartners.com

Investment Portfolio Summary

	Ordinary Shares		Loan stock instruments		Total investments											
	Cost at 30-Sep-07	Valuation at 30-Sep-07	Cost at 30-Sep-07	Valuation at 30-Sep-07	Cost at 30-Sep-07	Valuation at 30-Sep-06	Additional investments	Valuation at 30-Sep-07	Interest receivable in period	Dividends receivable in period	Unrealised (losses)/gains in period	Realised gains/(losses) in period	Proceeds	% of equity held [3 4]	% of portfolio by value	Description of loan stock
Foresight Group LLP	£	£	£	£	£	£	£	£	£	£	£	£	£			
Oxonica plc Specialist in the design, manipulation and engineering of properties of materials at the nano-scale	2,136,763	1,944,060	-	-	2,136,763	7,245,512	-	1,944,060	-	-	(5,301,452)	-	-	11.3%	6.29%	-
Camwood Limited Provider of software repackaging services	361,514	361,514	666,667	666,667	1,028,181	1,669,520	-	1,028,181	46,667	-	(641,339)	-	-	34.7%	3.33%	Secured loan at 7% 2008
Biomer Technology Limited [1] Developer of biomaterials for medical devices	137,170	753,837	-	-	137,170	753,837	212,014	753,837						5.8%	2.44%	-
NexxtDrive Limited [1] Developer of transmissions technologies for applications in the automotive, construction and industrial sectors	487,014	413,264	325,000	325,000	812,014	468,750	-	738,264	139,081	-	57,500	-	-	14.3% [2]	2.39%	Secured convertible loan stock at 5% 2008
Aquasium Technology Limited Business engaged in the design, manufacturing and marketing of bespoke electron beam welding and vacuum furnace equipment	166,667	33,977	533,333	533,333	700,000	1,059,610	-	567,310	(267,313)	-	(492,300)	-	-	16.7%	1.83%	Secured loans at 8.25% 2006 and at 7% 2008 and 2010
Alaric Systems Limited Software developer and provider of support services in the credit/debit card authorisation and payments market	565,156	416,175	30,647	30,647	595,803	595,763	-	446,822	2,516	-	(148,941)	-	-	8.1%	1.45%	Secured variable rate loan stock 2009
Sarantel plc Developer and manufacturer of antennae for mobile phones and other wireless devices	1,881,251	408,465	-	-	1,881,251	798,621	211,000	408,465	-	-	(601,155)	-	-	8.9%	1.32%	-
DCG Datapoint Group Limited Design, supply and integration of data storage solutions	83,324	147,754	228,750	228,529	312,074	311,853	-	376,283	16,083	-	64,430	-	-	6.3%	1.22%	Secured loan at 7% 2009
Aigis Blast Protection Limited Specialist blast containment materials company	272,120	249,990	-	-	272,120	333,320	-	249,990	-	-	(83,330)	-	-	4.2%	0.81%	
Corero plc (formerly Mondas plc) Provider of e-business technologies	600,000	279,955	-	-	600,000	238,255	-	279,955	-	-	41,700	-	-	6.5%	0.91%	
ANT plc Provider of embedded browser/email software for consumer electronics and Internet appliances	462,816	131,319	-	-	462,816	393,958	-	131,319	-	-	(262,639)	-	-	2.7%	0.42%	-
SmartFOCUS Group plc Provider of analytic software to support targeting and execution of marketing campaigns	-	-	-	-	-	1,856,969	-	-	12,572	-	-	83,645	1,940,614	0.0%	0.00%	-
Rapide Communication Limited Mobile phone software company	-	-	-	-	-	66,667	-	-	-	-	-	(22,207)	44,460	0.0%	0.00%	-
Monactive Limited Provider of software management tools that monitor usage of software versus licences held	-	-	-	-	-	-	-	-	-	-	-	16,526	16,527	0.0%	0.00%	-
Other investments in the portfolio [2]	-	-	-	-	-	-	-	-	-	-	-	10,131	10,131	-	0.00%	-
	7,153,795	**5,140,310**	**1,784,397**	**1,784,176**	**8,938,192**	**15,792,635**	**423,014**	**6,924,486**	**(50,394)**	**-**	**(7,367,526)**	**88,095**	**2,011,732**		22.41%	

1. Investment formerly managed by Nova Capital Management Limited up to 31 August 2007.
2 Other investments in the portfolio comprises data relating to Broadreach Networks Limited, which was put into administration in the previous year.
3 The percentage of equity held, and the amounts co-invested, in these companies by funds managed by Foresight Group LLP are disclosed in note 13 to the financial statements.
4 The percentage of equity held for these companies may be subject to further dilution of an additional 1% or more if, for example, management of the investee coompany exercises share options.

	Ordinary Shares Cost at 30-Sep-07	Ordinary Shares Valuation at 30-Sep-07	Other Investments [1] Cost at 30-Sep-07	Other Investments [1] Valuation at 30-Sep-07	Total Cost at 30-Sep-07	Total Valuation at 30-Sep-06	Total Additional investments	Total Valuation at 30-Sep-07	Interest receivable in period	Dividends receivable in period	Unrealised gains/losses in period	Realised gains/(losses) in period	Proceeds	% of equity held [4 5]	% of portfolio by value	Description of loan stock
Matrix Private Equity Partners LLP	£	£	£	£	£	£	£	£	£	£	£	£	£			
HWA Limited (trading as Holloway White Allom Limited) Refurbishment, restoration and construction of notable public buildings and top-end residential dwellings in and around London	69,105	4,691,649	-	-	69,105	3,348,323	-	4,691,649	-	37,810	1,343,326	-	-	17.0%	15.17%	-
Youngman Group Limited Manufacturer of ladders and access towers	100,052	2,030,234	900,000	900,000	1,000,052	2,368,418	52	2,930,234	68,643	11,811	561,764	-	-	8.5%	9.47%	Secured loan stock at 7.75%
Image Source Group Limited Royalty free picture library	300,000	2,845,171	5,000	5,000	305,000	3,232,667	-	2,850,171	42,500	-	312,504	139,000	834,000	39.6%	9.22%	
Blaze Signs Holdings Limited Manufacturer and installer of signs	401,550	767,744	936,950	936,950	1,338,500	360,969	977,531	1,704,694	28,131	7,614	366,194	-	-	12.5%	5.51%	Secured loan stock 2011 and 2012 at 10%
BBI Holdings plc Manufacturer of gold conjugate for the medical diagnostics industry	496,119	1,430,231	-	-	496,119	1,227,231	-	1,430,231	-	678	203,000	-	-	2.1%	4.63%	-
Tikit Group plc [2] Provider of consultancy, services and software solutions for law firms	500,000	1,304,346	-	-	500,000	960,868	-	1,304,346	-	19,566	343,478	-	-	3.4%	4.22%	-
Ministry of Cake (Holdings) Limited Manufacturer of desserts and cakes for the food service industry	87,961	406,390	633,319	633,319	721,280	556,169	-	1,039,709	44,086	8,586	483,540	-	-	12.3%	3.36%	Secured loan stock 2010 at 7%
Amaldis Limited (original investment into Original Additions (Beauty Products) Limited) Manufacturer and distributor of beauty products	70,313	957,438	10,000	10,000	80,313	3,127,944	-	967,438	37,610	432,488	(609,085)	(300,099)	1,261,322	11.0%	3.13%	
Tottel Publishing Limited Publisher of specialist legal and taxation titles	128,700	423,121	386,100	386,100	514,800	759,048	-	809,221	36,407	4,960	50,173	-	-	13.7%	2.62%	Secured loan stock 2009 at 9.6%
PXP Holdings Limited (Pinewood Structures) Designer, manufacturer and supplier of timber frames for buildings	227,783	227,783	563,129	563,129	790,912	-	790,912	790,912	34,962	-	-	-	-	6.7%	2.56%	Secured loan stock 2012 at 8%
I-Dox plc [2] Provider of document storage systems	872,625	775,833	Nil	n/a	872,625	366,083	135,000	775,833		3,183	274,750	-	-	2.4%	2.51%	-
VSI Limited Provider of software for CAD and CAM vendors	38,895	380,943	349,958	349,958	388,853	388,842	11	730,901	34,791	-	342,048	-	-	10.0%	2.36%	Secured loan stock 2011 at 10%
DiGiCo Europe Limited Design and manufacture of audio mixing desks	253,906	253,906	402,994	402,994	656,900	-	656,900	656,900	9,120	-	-	-	-	4.3%	2.12%	0
PastaKing Holdings Limited Manufacturer and supplier of fresh pasta meals	116,962	436,335	175,443	175,443	292,405	292,405	-	611,778	17,509	13,590	319,373	-	-	4.5%	1.98%	Secured loan stock 2011 at 10%
British International Holdings Limited Helicopter service operators	112,500	151,035	387,500	387,500	500,000	500,000	-	538,535	34,830	-	38,535	-	-	5.0%	1.74%	Secured loan stock 2011 at 9%
Brookerpaks Limited Importer and distributor of garlic and vacuum-packed vegetables to supermarkets and the wholesale trade	50,000	411,130	5,000	5,000	55,000	621,555	-	416,130	18,288	36,094	239,575	66,750	511,750	18.2%	1.35%	
Racoon International Holdings Limited Supplier of hair extensions, hair care products and training	165,256	27,543	385,596	385,596	550,852	-	550,852	413,139	8,856	-	(137,713)	-	-	7.7%	1.34%	Secured loan stock 2011 at 12%
B G Consulting Group Limited/Duncary 4 Limited Technical training business	110,202	-	1,043,774	332,212	1,153,976	128,344	-	332,212	-	-	203,868	-	-	33.2%	1.07%	Variable rate unsecured loan notes 2007
Campden Media Limited Magazine publisher and conference organiser	66,976	59,037	267,904	267,805	334,880	334,880	-	326,842	25,396	-	(8,038)	-	-	3.7%	1.06%	Secured variable loan 2011
Vectair Holdings Limited Designer and distributor of washroom products	53,207	137,872	162,707	162,707	215,914	215,914	-	300,579	14,626	-	84,665	-	-	4.6%	0.97%	Secured loan stock 2011 at 9%
Letraset Limited Manufacturer and worldwide distributor of graphic art products	150,000	-	500,000	213,982	650,000	622,737	-	213,982	39,286	-	(152,334)	93,579	350,000	17.4%	0.69%	Unsecured subordinated loan stock 2009 at 8%
SectorGuard plc Provider of manned guarding, mobile patrols and alarm response services	150,000	107,142	-	-	150,000	150,000	-	107,142	-	4,714	(42,858)	-	-	1.4%	0.35%	-
Inca Interiors Limited Design, supply and installation of quality kitchens to house developers	50,000	-	300,000	50,000	350,000	50,000	-	50,000	-	-	-	-	-	14.8%	0.16%	Secured subordinated loan stock at 9% 2006
Other investments in the portfolio [2]	900,293	-	819,492	Nil	1,719,785	-	-	-	-	-	-	-	-		0.00%	
	5,472,405	**17,824,883**	**8,234,866**	**6,167,695**	**13,707,271**	**19,612,397**	**3,111,258**	**23,992,578**	**495,041**	**581,094**	**4,216,765**	**(770)**	**2,957,072**		77.59%	
Total	**12,626,200**	**22,965,193**	**10,019,263**	**7,951,871**	**22,645,463**	**35,405,032**	**3,534,272**	**30,917,064**	**444,647**	**581,094**	**(3,150,761)**	**87,325**	**4,968,804**		**100.00%**	
Notes							**Note 6**					**Note 7**				

1 Other investments comprise principally loan stock instruments, and/or relatively small amounts of preference shares.
2 Investment formerly managed by Nova Capital Management Limited up to 31 August 2007.
3 Other investments in the portfolio comprise The Hunter Rubber Company Limited (in administration), Stortext-FM Limited/Stortext (DO) Limited and FH Ingredients Limited, of which the principal operating subsidiary, FH Realisations Limited, is in administration.
4 The percentage of equity held, and the amounts co-invested, in these companies by funds managed by Matrix Private Equity Partners LLP are disclosed in note 13 to the financial statements.
5 The percentage of equity held for these companies may be subject to further dilution of an additional 1% or more if, for example, management of the investee company exercises share options.
6 Preference shares costing £10,000 In Original Additions (Beauty Products) Limited were sold and £10,000 invested in preference shares in Amaldis Limited, causing no net addition in this summary, but explains why note 9 shows additions which are greater by £10,000.
7 Deducting transaction costs of £1,419 from this total gives gains of £85,906 as shown in the profit and loss account.

Board of Directors

Colin Hook
Status: Non-Executive Chairman
Age: 65
Date of appointment: 13 October 2000
Experience: Colin has wide industrial and commercial experience. He has directed fund management operations for more than ten years and his City involvement includes flotations, mergers and acquisitions and general corporate finance. From 1994 to 1997 he was Chief Executive of Ivory and Sime plc. He is currently the non-executive Chairman of Matrix Income and Growth 4 VCT plc and Chairman of Pole Star Space Applications Limited, a leading provider of real-time tracking information for maritime applications via a global web-based satellite enabled solution.

Last re-elected to the Board: January 2006
Committee memberships: Nominations and Remuneration Committee (Chairman), Audit Committee, Investment Committee
Number of Board and Committee meetings attended 2006/07: 12/12
Remuneration 2006/07: £40,000
Relevant relationships with the Investment Managers or other service providers: Matrix Income & Growth 4 VCT plc is also managed by MPEP.
Shared directorships with other I&G Directors: Matrix Income & Growth 4 VCT plc (Chairman)
Shareholding in the Company: 10,864 Ordinary Shares

Christopher Moore
Status: Non-Executive Director
Age: 62
Date of appointment: 13 October 2000
Experience: After qualifying with Price Waterhouse, Christopher worked for Robert Fleming Inc., Lazard, Jardine Fleming and then Robert Fleming, latterly as a main board director for 9 years (1986-95). During this period he was involved in various unquoted and venture capital investments and remained chairman of Fleming Ventures Limited, an international technology venture capital fund, until 2003. His recent advisory roles included acting as senior adviser to the chairman of Lloyds, the insurance group, for 4½ years. Christopher was appointed Chairman of Oxonica plc in February 2005, in which I&G holds an investment, standing down from the board in September 2007. He is a non-executive director of Matrix Income & Growth VCT plc, Matrix Income & Growth 3 VCT plc and Matrix Income & Growth 4 VCT plc.

Last re-elected to the Board: January 2005 (standing for re-election in 2008)
Committee memberships: Audit Committee (Chairman), Investment Committee, Nominations and Remuneration Committee
Number of Board and Committee meetings attended 2006/07: 10/12
Remuneration 2006/07: £30,000

Relevant relationships with the Investment Managers or other service providers: Matrix Income & Growth VCT plc, Matrix Income & Growth 3 VCT plc and Matrix Income & Growth 4 VCT plc are also managed by MPEP.
Relevant relationships with investee companies: Chairman and shareholder of Oxonica plc (stood down from the Board on 28 September 2007).
Shared directorships with other I&G Directors: Matrix Income & Growth 4 VCT plc
Shareholding in the Company: 21,728 Ordinary Shares

Helen Sinclair
Status: Non-Executive Director
Age: 41
Date of appointment: 29 January 2003
Experience: Helen has extensive experience of investing in a wide range of small and medium sized businesses. She graduated in economics from Cambridge University and began her career in banking. After an MBA at INSEAD business school, Helen worked from 1991 to 1998 at 3i plc based in their London office. She was a founding director of Matrix Private Equity Limited when it was established in early 2000. She is a non-executive director of Matrix Income & Growth 4 VCT plc.

Last re-elected to the Board: January 2007
Committee memberships: Investment Committee (Chairman), Audit Committee, Nominations and Remuneration Committee
Number of Board and Committee meetings attended 2006/07: 9/12
Remuneration 2006/07: £30,000
Relevant relationships with the Investment Managers or other service providers: Matrix Income & Growth 4 VCT plc is also managed by MPEP
Shared directorships with other I&G Directors: Matrix Income & Growth 4 VCT plc
Shareholding in the Company: Nil

Directors' Report

The Directors present the seventh Annual Report and Accounts of the Company for the year ended 30 September 2007.

Business and principal activities

The principal activity of the Company during the year under review was investment in unquoted or AiM-quoted companies in the United Kingdom. Details of the principal investments made by the Company are given in the Investment Managers' Review and Investment Portfolio Summary on pages 7-18 of this Annual Report.

The Ordinary Shares of 1p each in the capital of the Company were first admitted to the Official List of the UK Listing Authority and to trading on 15 November 2000. The Company has satisfied the requirements for full approval as a Venture Capital Trust under section 274 of the Income Tax Act 2007 (ITA). It is the Directors' intention to continue to manage the Company's affairs in such a manner as to comply with section 274 of the ITA.

The Company is no longer an investment company, having revoked its status as such as defined in section 266 of the Companies Act 1985 ("the Act") in the preceding financial year.

Future developments

The objective of the Directors continues to be to provide investors with an attractive return, by maximising the stream of dividend distributions from the income and capital gains generated by a diverse and carefully selected portfolio of investments.

The Directors intend to continue their policy of investing in companies at various stages of development. In some instances this will include investments in new and secondary issues of companies which may already be quoted on AiM or PLUS.

Business review

For a review of the Company's performance during the year and future prospects, please see the Chairman's Statement and Investment Managers' Review. The Key Data sheet on page 1 provides data on the Company's key performance indicators.

Issue and buy-back of shares

The Company issued 68,881 Ordinary shares on 21 February 2007 in accordance with the Dividend Investment Scheme which was approved by Shareholders on 31 January 2006 (2006: 52,509).

The Board believes that it is in the best interests of the Company and its Shareholders for the Company to make market purchases of its Ordinary Shares to seek both to enhance net asset value and to reduce, to a degree, any prevailing discount to net asset value in the current market price. An Authority for the Company to purchase its own shares pursuant to section 166 of the Companies Act 1985 was in place throughout the year under review. For further details please see Note 15 to the accounts on page 53 of this

Annual Report. A resolution to renew this authority will be proposed at the Annual General Meeting to be held on 6 February 2008. During the year the Company bought back 2,589,324 Ordinary Shares (representing 7.1% of the shares in issue at the year end) at a cost of £2,189,016 (net of expenses). These shares were subsequently cancelled by the Company.

The issued ordinary share capital of the Company as at 30 September 2007 was £365,895 and the number of Ordinary Shares in issue as at this date was 36,589,479.

Results and dividend

The basic revenue return attributable to equity shareholders for the period was £240,595 after taxation.

The Directors will be proposing to pay final dividends from income of 1 penny per Ordinary Share and from capital of 1 penny per Ordinary Share in respect of the year ended 30 September 2007 at the Annual General Meeting to be held on 6 February 2008. The final dividends will be paid on 15 February 2008 to Shareholders on the Register on 18 January 2008.

The Company has also paid on 15 February and 24 October 2007, interim capital distributions of 3 pence and 2 pence per Ordinary Share, respectively, in respect of the year ended 30 September 2007.

Directors and their interests

The names of the Directors appear below and on pages 19-20 of this Annual Report. All three Directors have served throughout the year.

The Directors' interests in the issued Ordinary Shares of the Company as at 30 September 2007 were:

Director	***Ordinary Shares held at 30 September 2007***	***Ordinary Shares held at 30 September 2006***
Colin Hook	10,864	10,508
Christopher Moore	21,728	21,017
Helen Sinclair	-	-

During the year Colin Hook was allotted 356 Ordinary shares and Christopher Moore was allotted 711 Ordinary shares following their decision to continue to participate in the Dividend Investment Scheme. After the year-end Colin Hook was allotted 207 Ordinary shares and Christopher Moore was allotted 414 Ordinary shares under the Dividend Investment Scheme. No options over the share capital of the Company have been granted to the Directors. The Company does not have any employees.

In accordance with the Company's Articles of Association and the 2003 FRC Combined Code ("the Code"), Christopher Moore will retire by rotation at the forthcoming Annual General Meeting of the Company, and being eligible offers himself for re-election.

The biographies of all Directors appear on pages 19-20 of this Annual Report.

Investment management

Matrix Private Equity Partners LLP, and Foresight Group LLP act as Investment Managers to the Company. The principal terms of the Company's Investment Advisers' Agreement with the Investment Managers is set out in Note 3 to the Accounts. Under the Investment Advisers' Agreement each of the Investment Managers receives a quarterly fee equal to 1.6% per annum of the amount of their allocation value on the last business day of the quarter. Fees are payable quarterly in arrears. Annual running costs are capped at 3.6% (including any irrecoverable VAT) of the net assets of the Company and the balance of any excess is borne by the Investment Managers and the Promoter (this cap to be decreased to 3.25% in respect of the year ending 30 September 2008 and future years). The Company announced on 12 September 2007 that the mandate of Nova Capital Management Limited was terminated in accordance with contractual arrangements on 31 August 2007, and the management of the Nova portfolio transferred to MPEP and Foresight in equal amounts. The Investment Advisers' Agreement was novated from Matrix Private Equity Partners Limited to Matrix Private Equity Partners LLP with effect from 23 October 2006.

Matrix-Securities Limited acts as both Company Administrator and Company Secretary to the Company under an agreement dated 13 October 2000 as amended by a Deed dated 12 September 2007. The agreement was for an initial period of five years and thereafter the appointment may be terminated by not less than one year's notice in writing given to expire at any time after that initial period. Fees are payable quarterly in arrears equal to 0.25% of the gross proceeds of the Offer, subject to a minimum fee of £35,000.

VCT status monitoring

The Company has retained PricewaterhouseCoopers LLP to advise on its compliance with the tax legislative requirements relating to VCTs.

Independent auditors

PricewaterhouseCoopers LLP resigned as auditors on 16 May 2007 and the Directors appointed PKF (UK) LLP, as auditors to fill the casual vacancy thereby arising. Resolutions to appoint PKF (UK) LLP as auditors to the Company and to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting.

Auditors' right to information

So far as the Directors in office at 30 September 2007 are aware, there is no relevant audit information of which the auditors are unaware. They have individually taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Substantial interests

As at the date of this report the Company had not been notified of any beneficial interest exceeding 3% of the issued share capital.

Financial Instruments

The main risks arising from the Company's financial instruments are due to fluctuations in the market price and interest rates, credit risk and liquidity risk. The Board regularly reviews and agrees policies for managing these risks and full details can be found in Note 19 to the Accounts.

Related party transactions

For the year under review, Christopher Moore was Chairman and a shareholder of Oxonica plc ("Oxonica") in which the Company has invested £2,136,763 (carrying value: £1,944,060). He owns 0.35% of the equity of Oxonica. Mr Moore stood down as Chairman and director of Oxonica with effect from 28 September 2007.

It had been agreed that 15% of his salary earned from Oxonica in excess of £45,000 in any year will be paid to the Company. For the period to Mr Moore's resignation, the amount paid in respect of calendar year 2007 was £4,500, paid in March 2007. In addition, the Company received £7,875 of a bonus paid to Christopher Moore, in respect of that year.

Additionally, Mr Moore has ceded 128,972 options into ordinary shares of Oxonica out of his options pool. These options are subject to performance conditions and lock in restrictions. The exercise price of the options is 45p. The bid price of Oxonica ordinary shares as at 30 September 2007 was 38.0p.

Creditors' payment policy

The Company's policy is to pay all creditors' invoices within 30 days of the invoice date unless otherwise agreed. At the year end trade creditors were £592,286 (2006: £28,474). At 30 September 2007 the average credit period for trade creditors was 10 days excluding the impact of buy-backs of 619,280 Ordinary Shares just before the year-end (2006: 5 days).

Annual General Meeting

The Notice of the Annual General Meeting, which will be held on 6 February 2008 is set out on pages 57-60 of the Annual Report. In addition to the ordinary business, the following special business will be proposed:

Authorities for the Directors to allot shares (Resolution 7) and disapply pre-emption rights of members (Resolution 8) under sections 80 and 95 of the Act.

These two resolutions grant the Directors the authority to allot shares for cash to a limited and defined extent otherwise than pro rata to existing shareholders in accordance with section 89 of the Act.

Resolution 7 will enable the Directors to allot up to an aggregate nominal amount not exceeding £383,679 representing approximately 105% of the existing issued share capital of the Company. This resolution is proposed as an ordinary resolution. This authority, unless previously renewed or revoked, will expire on the fifth anniversary of the date of the passing of this resolution.

Under Section 89 of the Act, if the Directors wish to allot any of the unissued share capital for cash they must first offer such shares to existing shareholders in proportion to their current holdings. It is proposed by Resolution 8 to sanction the disapplication of section 89 of the Companies Act 1985 in respect of allotments for cash of (i) S Shares with an aggregate nominal amount of up to £150,000 in respect of the S Share Offer referred to in the Chairman's Statement on page 6 of this Annual Report ("the S Share Offer"), (ii) Ordinary Shares with an aggregate nominal value of £74,617 to MPEP and Foresight and S Shares with an aggregate nominal amount of £30,000 to MPEP in connection with any performance incentive payment which may become payable, (iii) Ordinary Shares and S Shares with a nominal value of up to 10 per cent. of the existing issued Ordinary Share capital and the S Share capital immediately following close of the S Share Offer pursuant to any dividend investment scheme operated by the Company, (iv) Ordinary Shares and S Shares with a nominal value of up to 10 per cent. of the existing issued Ordinary Shares capital and the S Share capital immediately following close of the S Share Offer where the proceeds may in whole or part be used to purchase the Company's Ordinary Shares or, as the case may be, S Shares and (v) Ordinary Shares and S Share from time to time of an aggregate nominal value of up to 5 per cent. of the existing issued Ordinary Share capital and the S Share capital immediately following close of the S Share Offer.

This resolution is proposed as a special resolution. This authority, unless previously renewed or revoked, will expire on the conclusion of the annual general meeting of the Company to be held in 2009.

The Directors may allot securities after the expiry dates given above in pursuance of offers or agreements made prior to the expiration of these authorities. Both resolutions generally renew previous authorities approved on 9 October 2007.

The Directors intend to allot up to 15 million S Shares in respect of the S Share Offer to be launched in December 2007. They also intend to allot shares under the Ordinary Share Fund's Dividend Investment Scheme in respect of the proposed dividends to be paid to Ordinary Fund Shareholders on 15 February 2008. The Directors have no further immediate intention of exercising the above powers.

Authority to make market purchases of the Company's own shares (Resolution 9)

This resolution authorises the Company to purchase its own shares pursuant to section 166 of the Companies Act 1985. The authority is limited to an aggregate of 5,490,163 Ordinary Shares and 2,248,500 S Shares representing approximately 14.99% of the expected issued Ordinary Share capital of the Company at the date of the Notice of the Meeting and approximately 14.99% of the expected issued S Share capital immediately following the close of the S Share Offer and will expire on the conclusion of the Annual General Meeting of the Company to be held in 2009. The maximum price which may be paid for an Ordinary Share or an S Share, as the case may be, will be an amount that is not more than 5% above the average of the middle market quotations of the Ordinary Shares or the S Shares, as the case may be, as derived from the Daily Official List of the London Stock Exchange for the five business days preceding such purchase.

Venture Capital Trusts experience restricted market liquidity in their shares. The Board believes that it is in the best interests of the Company and Shareholders for the Company to be in a position to make occasional market purchases of its shares. This resolution will enable the Directors to carry out this policy.

Shareholders should note that the Directors will not exercise this authority unless to do so would result in an increase in net assets per share and would be in the interests of Shareholders generally. This resolution is proposed as a special resolution.

Post Balance Sheet Events

Extraordinary General Meeting 9 October 2007
On 9 October 2007, at an Extraordinary General Meeting of the Company, shareholders approved a change of name of the Company from "TriVest VCT plc" to "The Income & Growth VCT plc", the creation of and authority to issue S Shares pursuant to an S Share Offer, which is being launched, amendments to the Articles of Association, cancellation of the Share Premium Account of the Company, an extension to the life of the Company, proposed changes to the Managers' Incentive Arrangements for the Ordinary Shares Fund, and the use of electronic means to communicate with Shareholders.

By order of the Board

Matrix-Securities Limited
Secretary
30 November 2007

Directors' Remuneration Report

This report has been prepared by the Directors in accordance with the requirements of Schedule 7A of the Companies Act 1985. A resolution to approve the report will be proposed at the Annual General Meeting to be held on 6 February 2008. The Company's independent auditors are required to give their opinion on the information provided on Directors' emoluments on page 28 of this report and this is explained further in their report to Shareholders on pages 38-39.

Remuneration Committee

The remuneration of individual Directors is determined by the Nominations and Remuneration Committee within the framework set by the Board. The Committee comprises the full Board and is chaired by Colin Hook. The Committee meets at least once a year and is responsible for reviewing the remuneration of the Directors. The Committee has access to independent advice where and when it considers it appropriate and it consulted Hanson Green in December 2005. Following this review, the Committee recommended to the Board that the Directors' fees be increased with effect from 1 January 2006 to £35,000 (Chairman) and £25,000 (Director) per annum with a supplement of £5,000 per annum to be paid to members of the Investment Committee. These increases were subsequently endorsed by the Board. Directors' fees were reviewed by the Committee in November 2007, at which time it was decided to maintain such fees at the 2007 level.

Remuneration policy

The remuneration policy is set by the Board. The Directors' fees are reviewed annually by the Nominations and Remuneration Committee which determines the amount of fees to be paid to the Directors. When considering the level of Directors' fees, the Committee takes account of remuneration levels elsewhere in the Venture Capital Trust industry and other relevant information. Since all the Directors are non-executive, the Company is not required to comply with the provisions of the 2003 FRC Combined Code in respect of Directors' remuneration, except in so far as they relate specifically to non-executive directors. No portion of the fees paid to any of the Directors is related to performance. Details of the Directors' remuneration are disclosed on the next page and in the Notes to the Accounts. All the Directors are non-executive and the Company does not provide pension benefits to any of the Directors. The Company has not granted any Director any options over the share capital of the Company and the Company does not operate any long-term incentive plans for the Directors.

Terms of appointment

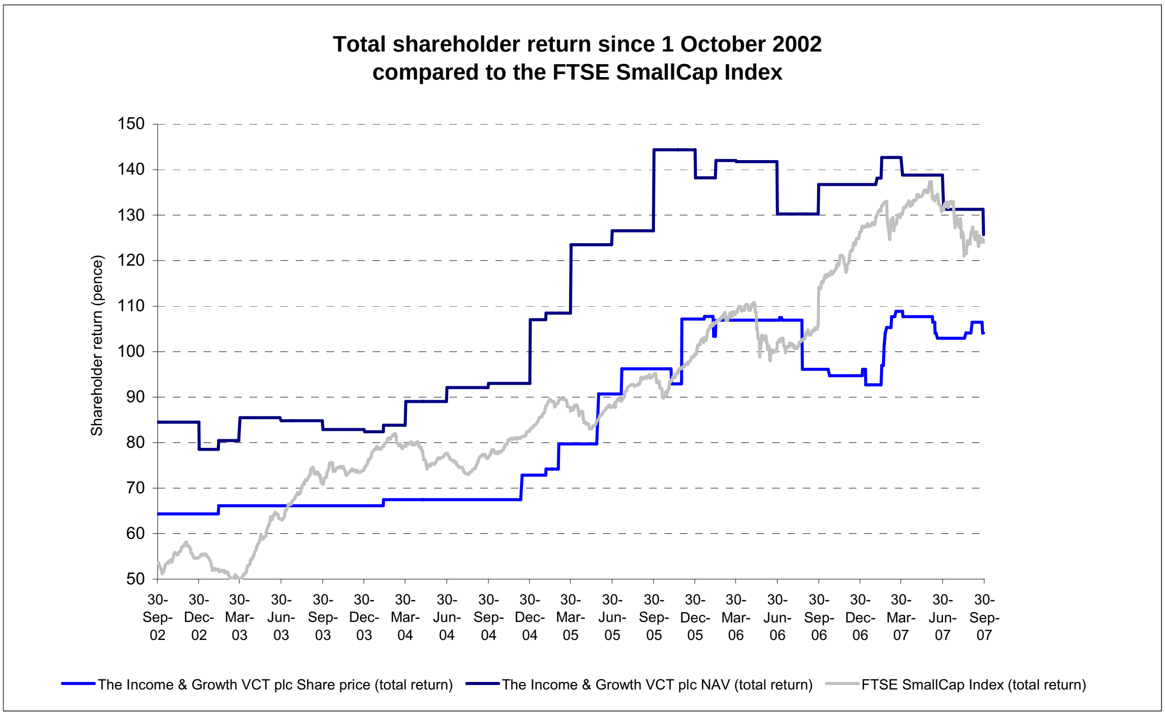
The Articles of Association provide that Directors may be appointed either by an ordinary resolution of the Company or by the Board provided that a person appointed by the Board shall be subject to re-election at the first Annual General Meeting following their appointment. One-third of the Directors retire from office by rotation at each Annual General Meeting and the retiring Directors then become eligible for re-election in accordance with the Articles of Association. All Directors receive a formal letter of appointment setting out the terms of their appointment and their specific duties and responsibilities. A Director's appointment may be terminated on three months' notice being given by the Company and in certain other circumstances. All of the Directors are non-executive and none of the Directors has a service contract with the Company. No arrangements have been entered into between the Company and the Directors to entitle any of the Directors to compensation for loss of office.

Details of individual emoluments and compensation (audited information)
The emoluments in respect of qualifying services of each person who served as a Director during the year were as set out in the table below. The Company does not have any schemes in place to pay to any of the Directors bonuses or benefits in addition to their Directors' fees.

	Total emoluments year to:	
	30 September 2007	**30 September 2006**
	£	**£**
Colin Hook	40,000	37,500
Christopher Moore	30,000	28,750
Helen Sinclair	30,000	28,750

Aggregate emoluments in respect of qualifying services amounted to £100,000 (2006: £95,000). No sums were paid to third parties in respect of any of the Directors' services during the year under review.

Total shareholder return
The following graph charts the total cumulative shareholder return of the Company (assuming all dividends have been re-invested and excluding the tax reliefs available to Shareholders) for the last five financial years compared to the FTSE SmallCap Index. The FTSE SmallCap is an industry recognised index of listed companies. Some consider it to be an appropriate index against which to measure the Company's performance. An explanation of the performance of the Company is given in the Chairman's Statement and the Investment Managers' Review. The total shareholder return has been re-based to 100 pence as at 15 November 2000, the date on which the Company's shares were first admitted to trading. The Net Asset Value (NAV) total return has been shown separately on the graph because the Directors believe it is a more accurate reflection of the Company's performance.



Source: Landsbanki Securities (UK) Limited

All data has been re-based to 100 pence with effect from 15 November 2000, the date on which the Company's shares were first admitted to trading.

By order of the Board

Matrix-Securities Limited
Secretary
30 November 2007

Corporate Governance Statement

The Company has recently become a member of the Association of Investment Companies (AIC) and the Directors have adopted the AIC Code of Corporate Governance ("the AIC Code") for the financial year ended 30 September 2007. The AIC Code was endorsed by the FRC on 3 February 2006, who have confirmed that in complying with the AIC Code the Company will meet its obligations in relation to the Combined Code and paragraph 9.8.6 of the Listing Rules. The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Code (which incorporates the Combined Code), will provide better information to shareholders.

There are certain areas of the Code that the AIC feel are not relevant to investment companies, and with which the Company does not specifically comply, and for which the AIC Code provides dispensation. These areas are as follows:

- The role of the chief executive

- Executive directors' remuneration

- The need for an internal audit function.

As an externally managed investment company, the Company does not employ a chief executive or any executive directors. The systems and procedures of the Investment Manager and the Administrator, the provision of VCT monitoring services by PricewaterhouseCoopers LLP, as well as the size of the Company's operations, gives the Board full confidence that an internal audit function is not necessary. The Company is therefore not reporting further in respect of these areas.

The Board has further considered the principles detailed in the Combined Code and believes that, insofar as they are relevant to the Company's business, the Company has complied with the provisions of the Combined Code throughout the financial year ended 30 September 2007 with the following exceptions:

The Board has not appointed a Senior Independent Director, as it does not believe that such an appointment is necessary when the Board is comprised solely of non-executive directors. This role is fulfilled, as appropriate, by the Chairman of the Audit Committee who Shareholders may contact if they have concerns which contact through the Chairman or Investment Managers has failed to resolve or for which such contact is inappropriate.

As is common practice among Venture Capital Trusts, the Directors are not appointed for specific terms. A Director's appointment may be terminated on three months' notice being given by the Company. (For further information please see the Directors' Remuneration Report on pages 27-29).

The effectiveness of the Board and the Chairman is reviewed regularly as part of the internal control process led by the Audit Committee. The Board has therefore considered that a formal system of performance evaluation was not appropriate to the Company during the year ended 30 September 2007 but continues to keep this under review and will consider the introduction of such a scheme when appropriate.

The Board considers that the Company fully complies with the AIC Code with the following exception and other exceptions noted elsewhere in the Annual Report:

The AIC Code stipulates that directors who sit on the boards of more than one company managed by the same manager will not be regarded as independent for either the purpose of fulfilling the requirement that there must be an independent majority or serving as chairman. As part of the Combined Code,this provision is currently subject to the transitional arrangements of the Listing Rules, and will not be mandatory for the Company until 2010. The Board intends to keep this matter under review, in keeping with the spirit of the Combined Code, and will report on it in succeeding years. For the time being, the Board has satisfied itself that the independence of all three directors is maintained by the provision of dual managers to the Company, in the form of Foresight and MPEP.

The Board

The Company has a Board of three non-executive Directors. The Board has considered whether each Director is independent in character and judgement and whether there are any relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement. It has concluded that all three Directors are independent except in respect of the contracts or investee companies in which they have declared an interest. For the year under review, Christopher Moore was Chairman and a Shareholder of Oxonica plc and further information on his interest in the Company can be found under Related Party Transactions in the Directors' Report on page 24 of this Report and in Note 21 to the Accounts on page 56. As outlined in the Directors' Report, Mr Moore stood down as Chairman and director of Oxonica plc on 28 September 2007. The Board assessed the independence of the Chairman on appointment and concluded that he fully met the independence criteria as identified in the Combined Code, as re-stated in principle 1 of the AIC Code. It is the policy of the Directors not to participate in decisions concerning investee companies in which they hold an interest. None of the Directors has served for nine years or more.

For the reasons described above, as well as in terms of their professional and personal integrity and experience, the Board has no hesitation in emphasising to shareholders the independent nature of each individual director in terms of both their character and judgement.

As recommended by the AIC Code, the Directors monitor the continuing independence of the Chairman, and inform the Chairman of their discussions.

The Board meets at least quarterly and is in regular contact with the Investment Managers between these meetings. The Board held four formal meetings during the year with full attendance from each of the Directors at three of those meetings, and met informally on numerous other occasions.

All the Directors are equally responsible under the law for the proper conduct of the Company's affairs. In addition, the Directors are responsible for ensuring that their policies and operations are in the best interests of all the Company's Shareholders and that the best interests of creditors and suppliers to the Company are properly considered.

The Board has agreed a schedule of matters specifically reserved for decision by the Board. These include compliance with the requirements of the Companies Act, the UK Listing Authority and the London Stock Exchange; changes relating to the Company's capital structure or its status as a plc; Board and committee appointments as recommended by the Nominations and Remuneration Committee and terms of reference of committees; material contracts of the Company and contracts of the Company not in the ordinary course of business. A procedure has been adopted for individual Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company. The Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring board procedures are followed. Both the appointment and removal of the Company Secretary is a matter for the Board as a whole. Where Directors have concerns, which cannot be resolved about the running of the Company or a proposed action, they are asked to ensure that their concerns are recorded in the Board minutes. On resignation, a Director who has any such concerns should provide a written statement to the Chairman, for circulation to the Board. The Board has satisfied itself that each of its Committees has sufficient resources to undertake their duties.

A formal training programme has not been required during the year under review as all the Directors were experienced directors of listed companies.

The Directors were subject to election by Shareholders at the first Annual General Meeting after their appointment, and retire by rotation thereafter. For further details please see the Directors' Remuneration Report on pages 27-29. The Directors are therefore not appointed for specific terms.

In terms of overall length of tenure, the AIC Code does not explicitly make recommendations. Some market practitioners feel that considerable length of service (which has generally been defined as a limit of 9 years) may lead to the compromise of a director's independence. While the Company has not been in existence long enough for the Board to consider that this is an issue (having commenced trading in 2000), the overall matter of directors' independence is taken extremely seriously, as discussed elsewhere. If the matter becomes relevant in future years, the Board will consider length of tenure of directors at the appropriate time.

Christopher Moore is seeking re-election to the Board at the forthcoming AGM. His contribution to the Board, in particular as Chairman of the Audit Committee, is invaluable and the Board has no hesitation in recommending his re-election to Shareholders.

The Chairman's other significant directorships and time commitments are disclosed on page 19.

Internal control

The Board acknowledges that it is responsible for the Company's system of internal control. Internal control systems are designed to manage the particular needs of the Company and the risks to which it is exposed and can by their nature only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has delegated, contractually to third parties, the management of the investment portfolio, the custodial services (the safeguarding of the documents of title of the Company's assets), the day-to-day accounting, company secretarial and administration requirements and the registration services. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of services offered, including the financial control systems in operation in so far as they relate to the affairs of the Company. The Board receives and considers regular reports from the Investment Managers and ad hoc reports and information are supplied to the Board as required. It remains the role of the Board to keep under review the terms of the Investment Services Agreement with the Investment Managers.

The Directors are responsible for the internal control systems of the Company and for reviewing their effectiveness. These aim to ensure the maintenance of proper accounting records, the reliability of the financial information used for publication and upon which business decisions are made, and that the assets of the Company are safeguarded. The financial controls operated by the Board include the authorisation of the investment strategy and regular reviews of the financial results and investment performance.

The Board has put in place ongoing procedures for identifying, evaluating and managing the significant risks faced by the Company. As part of this process an annual review of the control systems is carried out in accordance with the Turnbull guidelines for internal control. The review covers a consideration of the key business, operational, compliance and financial risks facing the Company. Each risk is considered with regard to: the controls exercised at Board level; reporting by service providers; controls relied upon by the Board; exceptions for consideration by the Board; responsibilities for each risk and its review period; and risk rating. As part of this process, investment risk is spread by means of a diverse investment portfolio, as more fully described in the Investment Managers' Review.

This system of internal controls and the procedure for the review of control systems referred to above has been in place and operational throughout the year under review and up to the date of this Report. The assessment of the effectiveness of internal controls in managing risk was conducted on the basis of reports from the relevant service providers. The last review took place on 28 November 2007. The Board has identified no significant problems with the Company's internal control mechanisms that warrant disclosure in the Annual Report.

Board committees

The Investment Committee comprises all three Directors, Helen Sinclair (Chairman), Colin Hook and Christopher Moore. The Committee meets as necessary to consider the investment proposals put forward by each of the Investment Managers. Investment guidelines have been issued to each of the Investment Managers and the Committee ensures that these guidelines are adhered to. The Committee held two formal meetings during the year, and met informally on numerous other occasions.

The Audit Committee comprises all three Directors, Christopher Moore (Chairman), Colin Hook and Helen Sinclair. The Committee meets at least twice a year to review the half-year and annual financial statements before submission to the Board, including meeting with the independent auditors. The Committee makes recommendations to the Board on the appointment, re-appointment and removal of the external auditors. It is responsible for monitoring the effectiveness of the Company's internal control systems and for reviewing the scope and results of the audit and ensuring its cost effectiveness. The Audit Committee held four formal meetings during the year with full attendance from each of the Directors on three of those occasions, and met informally on other occasions.

During the previous financial year the Management Engagement Committee was dissolved and the responsibilities of the Committee added to the schedule of matters specifically reserved for decision by the Board. With effect from this year therefore, the Board will annually review, and at other times as and when necessary, the Investment Services Agreement and the performance of the Investment Managers, as well as service providers including the administrator, auditors, VCT status adviser, solicitors, bankers and registrars. Particular emphasis is placed on reviewing the Managers, in terms of investment performance, quality of information provided to the Board and remuneration. This work forms part of the Board's overall internal control procedures as discussed elsewhere.

The Nominations and Remuneration Committee comprises the full Board and is chaired by Colin Hook. All members of the Committee are independent of the Investment Managers. The Committee meets at least once a year and is responsible for proposing candidates for appointment to the Board and for reviewing the remuneration of the Directors. The Committee held one formal meeting during the year, fully attended by all Directors, and met informally on other occasions. Appointment letters for new directors will include an assessment of the expected time commitment for each Board position and new directors will be asked to give an indication of their other significant time commitments.

All of the above Committees have written terms of reference, which detail their authority and duties. Shareholders may obtain copies of these by making a written request to the Company Secretary or via the Company's website: www.incomeandgrowthvct.co.uk.

Directors' remuneration

A Directors' Remuneration Report, prepared in compliance with the Directors' Remuneration Report Regulations 2002, is contained on pages 27-29 of this Annual Report.

Investor relations

The Company communicates with Shareholders and solicits their views where it is appropriate to do so. Shareholders are welcome at the Annual General Meeting which provides a forum for Shareholders to ask questions of the Directors and to discuss issues affecting the Company with them. Shareholders may contact the Chairman of the Audit Committee if they have concerns which contact through the Chairman or Investment Managers has failed to resolve or for which such contact is inappropriate.

A recent amendment to the Listing Rules requires disclosure of a detailed investment policy, together with an explanation of how a Company has invested its assets with a view to spreading investment. Whilst all investments are discussed in the Investment Managers' Review, for which the Board is responsible, the Board does not feel that such a policy disclosure would be appropriate at this time, due to the additional administrative burden that would be incurred by the required timetable, particularly given the S fund launch approved at an Extraordinary General Meeting on 9 October this year. The Company has therefore sought and been granted an exemption by the UK Listing Authority for the period to 30 September 2007, and intends to report fully on this matter in the half-yearly report to 31 March 2008.

The Board as a whole approves the Chairman's Statement and the Investment Managers' Review which form part of the Annual Report to shareholders in order to ensure that they present a balanced and understandable assessment of the Company's position and future prospects.

The notice of the Annual General Meeting accompanies this Annual Report, which is normally sent to shareholders allowing a minimum of 20 working days before each meeting. Separate resolutions are proposed for each substantive issue. The number of proxy votes received for each resolution are announced after each resolution has been dealt with on a show of hands and are published on the Company's website: www.incomeandgrowthvct.co.uk.

Accountability and audit

The Statement of Directors' Responsibilities in respect of the accounts is set out on page 37 of this report.

The report of the independent auditors is set out on pages 38-39 of this Annual Report.

The Board regularly reviews and monitors the external auditor's independence and objectivity. As part of this it reviews the nature and extent of services supplied by the auditors to ensure that independence is maintained.

Directors' and officers' liability insurance

The Company maintains a Directors' and Officers' Liability Insurance policy. The policy does not provide cover for fraudulent or dishonest actions by the Directors.

Going concern

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

By order of the Board

Matrix-Securities Limited
Secretary

30 November 2007

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations. They are also responsible for ensuring that the annual report includes information required by the Listing Rules of the Financial Services Authority.

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 law). The financial statements are required 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 Act 1985. 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 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 the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Independent Auditors' Report to the Members of The Income & Growth VCT plc

We have audited the financial statements of The Income & Growth VCT plc for the year ended 30 September 2007 which comprise the profit and loss account, statement of total recognised gains and losses, the note of historical cost profits and losses, the balance sheet, the reconciliation of movements in shareholders' funds, the cash flow statement and the related notes. The 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's 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 applicable law and United Kingdom accounting standards ('United Kingdom Generally Accepted Accounting Practice') are set out in the statement of directors' responsibilities.

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 in the Directors' Report includes that specific information presented in the Chairman's Statement that is cross referenced from the Business Review 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, the directors’ report, the corporate governance statement, the unaudited part of the directors’ remuneration report and the investment manager’s review, and the investment portfolio summary. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the directors' remuneration report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the 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 we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the directors' remuneration report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the directors' remuneration report to be audited.

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 30 September 2007 and of its loss for the year 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.

PKF (UK) LLP
Registered Auditors, London, UK
30 November 2007

Profit and Loss Account

for the year ended 30 September 2007

	Notes	30 September 2007 Revenue £	30 September 2007 Capital £	30 September 2007 Total £	30 September 2006 Revenue £	30 September 2006 Capital £	30 September 2006 Total £
Net unrealised losses on investments	9	-	(3,150,761)	(3,150,761)	-	(4,074,141)	(4,074,141)
Net gains on realisation of investments	9	-	85,906	85,906	-	1,556,784	1,556,784
Income	2	981,124	432,488	1,413,612	1,135,895	-	1,135,895
Investment management fees	3	(225,226)	(675,676)	(900,902)	(233,097)	(699,292)	(932,389)
Other expenses	4	(495,435)	-	(495,435)	(458,520)	-	(458,520)
Profit/(loss) on ordinary activities before taxation		260,463	(3,308,043)	(3,047,580)	444,278	(3,216,649)	(2,772,371)
Tax on ordinary activities	6	(19,868)	19,868	-	(101,347)	101,347	-
Profit/(loss) on ordinary activities after taxation for the financial year		240,595	(3,288,175)	(3,047,580)	342,931	(3,115,302)	(2,772,371)
Basic and diluted earnings per share:	8	0.62p	(8.47)p	(7.85)p	0.86p	(7.84)p	(6.98)p

All the items in the above statement derive from continuing operations.
No operations were acquired or discontinued in the period.
The total column is the Profit and Loss Account of the Company

Statement of Total Recognised Gains and Losses

for the year ended 30 September 2007

	2007	2006
Loss on ordinary activities after taxation	(3,047,580)	(2,772,371)
Effect of changes in accounting policy arising from the introduction of FRS 26	-	(483,352)
Total recognised losses since last Annual Report	(3,047,580)	(3,255,723)

Note of Historical Cost Profits and Losses

for the year ended 30 September 2007

	2007	2006
Loss on ordinary activities before taxation	(3,047,580)	(2,772,371)
Add unrealised losses on investments	3,150,761	4,074,141
Add/(less) realisation of revaluation gains/(losses) of previous years	1,042,522	(4,059,632)
Historical cost profit/(loss) on ordinary activities before taxation	1,145,703	(2,757,862)
Historical cost loss for the year after taxation and dividends	(1,052,708)	(4,062,494)

The notes on pages 44 to 56 form part of these financial statements.

Balance Sheet

as at 30 September 2007

	Notes	as at 30 September 2007			as at 30 September 2006		
		£	£	£	£	£	£
Non current assets							
Investments at fair value	9			**30,917,064**			35,405,032
Current assets							
Debtors and prepayments	10	**718,787**			936,772		
Current investments	11	**6,581,497**			5,969,440		
Cash at bank	18	**46,862**			2,027,094		
			7,347,146			8,933,306	
Creditors: amounts falling due within one year							
Other creditors		**1,337,587**			43,064		
Accruals		**148,130**			144,996		
	12		**(1,485,717)**			(188,060)	
Net current assets				**5,861,429**			8,745,246
Net assets				**36,778,493**			44,150,278
Capital and reserves							
Called up share capital	14			**365,895**			391,099
Share premium account	15			**136,594**			60,974
Capital redemption reserve	15			**53,334**			27,441
Special reserve	15			**21,508,270**			25,025,881
Capital reserve - unrealised	15			**8,425,544**			12,618,828
Profit and loss account	15			**6,288,856**			6,026,055
				36,778,493			44,150,278
Net asset value per Ordinary Share - basic and diluted	16			**100.52p**			**112.89p**

The notes on pages 44 to 56 form part of these financial statements.

The financial statements on pages 40 to 43 were approved and authorised for issue by the Board of Directors on 30 November 2007 and were signed on its behalf by:

Colin Hook
Director

Reconciliation of Movements in Shareholders' Funds

for the year ended 30 September 2007

	Notes	2007 £	2006 £
Opening shareholders' funds		44,150,278	49,204,719
Net share capital bought back in the year	**14**	(2,202,103)	(1,038,937)
Net share capital subscribed for in the year	**14**	76,309	61,499
Loss for the year		(3,047,580)	(2,772,371)
Dividends paid/payable in the year	**7**	(2,198,411)	(1,304,632)
Closing shareholders' funds		36,778,493	44,150,278

Cash Flow Statement

for the year ended 30 September 2007

	Notes	Year ended 30 September 2007 £	£	Year ended 30 September 2006 £	£
Operating activities					
Investment income received		1,758,835		972,767	
Other income received		11,754		7,812	
Investment management fees paid		(1,026,861)		(932,389)	
Other cash payments		(492,457)		(488,253)	
Net cash inflow/(outflow) from operating activities	17		251,271		(440,063)
Investing activities					
Acquisition of investments	9	(3,544,272)		(2,410,773)	
Disposal of investments	9	4,968,804		3,857,334	
			1,424,532		1,446,561
Equity Dividends					
Payment of equity dividends			(1,466,621)		(1,304,632)
Cash inflow/(outflow) before financing and liquid resource management			209,182		(298,134)
Management of liquid resources					
(Increase)/decrease in monies held pending investment	18		(612,057)		376,433
Financing					
Issue of Ordinary shares		76,309		61,499	
Purchase of own shares		(1,653,666)		(1,038,937)	
			(1,577,357)		(977,438)
Decrease in cash for the year	18		(1,980,232)		(899,139)

The notes on pages 44 to 56 form part of these financial statements

Notes to the Accounts

For the year ended 30 September 2007

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below.

a) Basis of accounting

The accounts have been prepared under UK Generally Accepted Accounting Practice (UK GAAP) and, to the extent that it does not conflict with the fair value rules of the Companies Act 1985, Statement of Recommended Practice, 'Financial Statements of Investment Trust Companies', revised December 2005.

As a result of the Directors' decision to distribute capital profits by way of a dividend, the Company revoked its investment company status as defined under section 266 (3) of the Companies Act 1985, on 30 November 2005. Consequently, the financial statements have been drawn up to include a statutory profit and loss account and a statement of total recognised gains and losses in accordance with Schedule 4 of the Companies Act 1985 and Financial Reporting Standard 3 "Reporting Financial Performance". This has no effect on total returns or net assets per share.

b) Presentation of the Profit and Loss Account

In order to better reflect the activities of a VCT and in accordance with the SORP, supplementary information which analyses the Profit and Loss Account between items of a revenue and capital nature has been presented alongside the Profit and Loss Account. The profit in the revenue column of the Profit and Loss Account is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Section 274 Income Tax Act 2007.

c) Investments

Investments are recognised on a trade date basis. All investments held by the Company are classified as "fair value through profit and loss" for the purposes of Financial Reporting Standard 26 "Financial Instruments Measurement" and, in accordance with the International Private Equity Venture Capital Valuation (IPEVCV) guidelines published in 2005. For investments actively traded in organised financial markets, fair value is generally determined by reference to Stock Exchange market quoted bid prices at the close of business on the balance sheet date.

Unquoted investments are stated at fair value by the Directors in accordance with the following rules, which are consistent with the IPEVCV guidelines:

(i) Investments which have been made in the last 12 months are at fair value which, unless another methodology gives a better indication of fair value, will be at cost;

(ii) Investments in companies at an early stage of their development are valued at fair value which, unless another methodology gives a better indication of fair value, will be at cost;

(iii) Where investments have been held for more than 12 months or have gone beyond the stage in their development in (i) or (ii) above, the shares may be valued by applying a suitable price-earnings ratio to that company's historic, current or forecast earnings (the ratio used being based on a comparable listed company or sector but the resulting value being discounted to reflect lack of marketability). Where overriding factors apply, alternative methods of valuation will be used. These will include the application of a material arms-length transaction by an independent third party, cost less provision for impairment, discounted cash flow, or a net asset basis;

(iv) Where a value is indicated by a material arms-length transaction by a third party in the shares of a company, this value will be used;

(v) Where fair value cannot be reliably measured under notes 1 c) (i)-(iv) above, an investment is held at the most recent carrying value, reduced where there is evidence of impairment by the estimated extent of impairment.

Capital gains and losses on investments, whether realised or unrealised, are dealt with in the capital reserve and movements in the period are shown in the Profit and Loss Account.

d) Accounting policies

The full provisions of the accounting requirements of FRS 20 (accounting for share based payments) do not apply, as the incentive agreement with the Investment Managers existed before the date from which FRS 20 became applicable.

e) Current investments

Monies held pending investment are invested in financial instruments with same day or two-day access and as such are treated as current investments, and have been valued at fair value.

f) Income

Dividends receivable on quoted equity shares are brought into account on the ex-dividend date. Dividends receivable on unquoted equity shares are brought into account when the Company's right to receive payment is established and there is no reasonable doubt that payment will be received. Fixed returns on non-equity shares are recognised on a time apportionment basis so as to reflect the effective yield, provided there is no reasonable doubt that payment will be received in due course. Fixed returns on debt securities are recognised on a time-apportioned basis so as to reflect the effective yield.

g) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged wholly to revenue, with the exception of expenses incidental to the acquisition or disposal of an investment, which are written off to the capital column of the Profit and Loss Account or deducted from the disposal proceeds as appropriate, and with the further exception that 75% of the fees payable to the Investment Managers are also charged against the capital column of the Profit and Loss Account. This is in line with the Board's expected long-term split of returns from the investment portfolio of the Company.

h) Taxation

Deferred tax 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 tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted at the balance sheet date. Deferred tax is measured on a non-discounted basis.

Any tax relief obtained in respect of management fees allocated to capital is reflected in the capital reserve – realised and a corresponding amount is charged against revenue. The tax relief is the amount by which corporation tax payable is reduced as a result of these capital expenses.

2 Income

	2007	2006
Income from investments	**£**	**£**
– from equities	581,094	46,885
– from OEIC funds	375,523	265,666
– from loan stock	444,647	805,690
– from bank deposits	4,473	5,163
	1,405,737	1,123,404
Other Income	7,875	12,491
Total income	1,413,612	1,135,895
Total income comprises		
Revenue dividends received -	524,129	312,551
Capital dividends received	432,488	-
Interest	449,120	818,181
Other income	7,875	5,163
	1,413,612	1,135,895
Income from investments comprises		
Listed overseas securities	375,523	265,666
Unlisted UK securities	1,025,741	852,575
	1,401,264	1,118,241

Loan stock interest above is stated after deducting an amount of £267,313, being a provision made this year against loan stock interest regarded as collectable in previous years.

3 Investment managers' fees

	Revenue 2007 £	Capital 2007 £	Total 2007 £	Revenue 2006 £	Capital 2006 £	Total 2006 £
Matrix Private Equity Partners LLP	124,599	373,797	498,396	104,972	314,916	419,888
Nova Capital Management Limited	30,586	91,756	122,342	33,724	101,171	134,895
Foresight Group LLP	70,041	210,123	280,164	94,401	283,205	377,606
	225,226	675,676	900,902	233,097	699,292	932,389

Included in the above is irrecoverable VAT of £134,177 (2006: £138,866).

At the start of the financial year, the Investment Managers operated under an agreement dated 13 October 2000. Under this Agreement, fees equal to one quarter of 1.6% of the amount of their respective allocation values (which usually equates to carrying value) were payable quarterly in arrears to each of the Investment Managers

Nova Capital Management Limited (Nova) resigned with effect from 31 August 2007. The Company made a final payment of £137,409 to Nova in September 2007, a sum calculated as equivalent to the fees that Nova would have received had they worked the twelve months' notice period provided for in the Investment Services Agreement. These fees will be recovered from the remaining two managers over the next year.

Matrix Private Equity Partners LLP (MPEP) and Foresight Group LLP (Foresight) assumed responsibility for half each of the Nova portfolio value with effect from 1 September 2007 and earn fees calculated upon the allocation value of their share of the Nova portfolio from that date.

Under a new investment management agreement dated 12 September 2007, but effective from 31 August 2007, MPEP and Foresight advise the Company on investments in qualifying companies. The agreement is for an initial period of 3 years and thereafter until the appointment is terminated by not less than one year's notice in writing at any time after the initial period.

MPEP and Foresight are entitled to an annual advisory fee of 1.6 per cent of the closing net assets attributable to the Fund. The annual management fees are calculated and payable quarterly in advance, together with any applicable VAT.

Under an agreement dated 13 October 2000, the Investment Managers and the Promoter would have received a performance related incentive, if, by the date of payment of the final dividend for the year ending 30 September 2007, cumulative dividend payments on each ordinary share had exceeded 80 pence. The Investment Managers and the Promoter would have been entitled to participate in the company's equity, up to 15% of the aggregate of the ordinary share capital in issue immediately after the close of the Offer, as enlarged by this participation. Upon exercise of the performance related incentive, 87.5% of the ordinary shares would be allotted to the Investment Managers and 12.5% to the Promoter. If, as is the case, cumulative dividend payments do not exceed 80 pence per share by the date of payment of the final dividend for the year ending 30 September 2007, but are achieved by a later dividend payment date in respect of subsequent accounting periods, the proportion of the enlarged ordinary share capital that may be acquired by the Investment Managers on exercise of the performance related incentive is scaled down as follows:

30 September 2008	13.5%
30 September 2009	12.0%
30 September 2010	10.5%
30 September 2011	9.0%

Including the proposed final income and capital dividends disclosed in note 7 below, dividend payments to date are 16.45 pence per share. The Company has chosen not to adopt the accounting requirements of FRS 20 (accounting for share based payments), as the incentive agreement with the Investment Managers existed before the date from which FRS 20 became applicable.

A new incentive agreement will be arranged, which will replace the above incentive agreement, the principal terms of which have been approved by Shareholders at an Extraordinary General Meeting on 9 October 2007.

4 Other expenses

	2007	2006
	£	£
Directors' remuneration (including NIC) (see note 5)	111,058	105,221
IFA trail commission	117,516	136,013
Administration fees	107,564	101,088
Broker's fees	11,750	11,750
Auditors' fees – audit	19,916	24,675
– tax compliance services	1,938	2,997
– interim review	3,231	-
Monitoring fees	11,868	11,601
Registrar's fees	15,580	15,500
Printing	13,281	14,478
Legal fees	54,338	5,246
Sundry	27,395	29,951
	495,435	458,520

The auditor's fees for 2006 were earned by PricewaterhouseCoopers LLP. They were replaced in 2007 by PKF (UK) LLP, who earned the amounts disclosed for 2007. The monitoring fees were still payable to PricewaterhouseCoopers LLP for both years.

5 Directors' remuneration

	2007	2006
	£	£
Colin Hook	40,000	37,500
Christopher Moore	30,000	28,750
Helen Sinclair	30,000	28,750
	100,000	95,000
Employer's NIC	11,058	10,221
	111,058	105,221

No pension scheme contributions or retirement benefit contributions were paid. There are no share option contracts held by the Directors. Since all the Directors are non-executive, the other disclosures required by the Listing Rules are not applicable. The Company has no employees other than Directors.

6 Tax on ordinary activities

	2007 Revenue	2007 Capital	2006 Revenue	2006 Capital
	£	£	£	£
a) Analysis of tax charge:				
UK Corporation tax on profits/(losses) for the year	19,868	(19,868)	101,347	(101,347)
Total current tax charge/(credit)	19,868	(19,868)	101,347	(101,347)
Corporation tax is based on a rate of 19.5% (2006: 19%)				
b) Profit/(loss) on ordinary activities before tax	260,463	(3,166,059)	444,278	(2,889,752)
Profit/(loss) on ordinary activities multiplied by small company rate of corporation tax in the UK of 19.5% (2006: 19%)	50,790	(617,381)	84,413	(549,053)
Effect of:				
UK dividends	(28,978)	(84,335)	(8,908)	
Unrealised losses not allowable	-	614,398	-	633,176
Realised gains not taxable	-	(16,751)	-	(216,988)
Income not yet taxable	(5,842)	-		
Expenses not deductible for tax purposes (commissions)	3,898	-	25,842	-
Unrelieved expenditure	-	84,201	-	31,518
Actual current tax charge	19,868	(19,868)	101,347	(101,347)

Tax relief relating to investment management fees is allocated between Revenue and Capital where such relief can be utilised.

No asset or liability has been recognised for deferred tax in relation to capital gains or losses on revaluing investments as the Company is exempt from corporation tax in relation to capital gains or losses as a result of qualifying as a Venture Capital Trust.

There is no potential liability to deferred tax (2006: £nil). There is an unrecognised deferred tax asset, of £152,537 (2006: £31,158). The deferred tax asset relates to unrelieved management expenses. It is considered more likely than not that there will be insufficient taxable profits in the future against which the deferred tax asset can be offset and, therefore, in accordance with FRS 19, the asset has not been recognised.

7 Dividends paid and payable

	2007	2007	2007	2006	2006	2006
	£	£	£	£	£	£
Dividends on equity shares	**Revenue**	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
Ordinary Shares – final paid of 0.75p in February 2007 (2006: 0.75p) per share:	293,324	-	293,324	301,156	-	301,156
Ordinary Shares – interim paid of 3p in February 2007 (2006: 2.5p) per share:	-	1,173,297	1,173,297	-	1,003,852	1,003,852
Ordinary Shares – interim declared in September of 2p paid in October 2007 (2006: nil per share):	-	731,790	731,790	-	-	-
Over provision re prior year	-	-	-	(376)	-	(376)
Total declared in year	293,324	1,905,087	2,198,411	300,780	1,003,852	1,304,632
Proposed final dividend	**365,895**	**365,895**	**731,790**	**293,324**	**-**	**293,324**

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

Set out below are the total income dividends payable in respect of the financial year, which is the basis on which the requirements of Section 259 of the Income Tax Act 2007 are considered.

	2007	2006
	£	£
Ordinary Shares:		
Revenue available for distribution by way of dividends for the year	240,595	342,931
Interim dividend for the year	-	-
Proposed final dividend for the year – 1.00p (2006: 0.75p)	365,895	293,324

8 Earnings per Ordinary Share

	2007	2006
	£	£
Total earnings after taxation:	(3,047,580)	(2,772,371)
Basic earnings per share (note a)	**(7.85)p**	**(6.98)p**
Revenue profit from ordinary activities after taxation	240,595	342,931
Revenue earnings per share (note b)	**0.62p**	**0.86p**
Net unrealised losses on investments	(3,150,761)	(4,074,141)
Net gains on realisation of investments	85,906	1,556,784
Income from capital dividends	432,488	-
Capitalised management fees less taxation	(655,808)	(597,945)
Total capital losses from ordinary activities after taxation	(3,288,175)	(3,115,302)
Capital earnings per share (note c)	**(8.47)p**	**(7.84)p**
Weighted average number of shares in issue in the year	38,802,180	39,694,960

Notes

a) Basic earnings per share is total earnings after taxation divided by the weighted average number of shares in issue.

b) Revenue earnings per share is the revenue profit after taxation divided by the weighted average number of shares in issue.

c) Capital earnings per share is the total capital loss after taxation divided by the weighted average number of shares in issue.

Other than the performance-related incentive referred to in Note 3, there are no instruments in place that will increase the number of shares in issue in future. Accordingly, the above figures currently represent both basic and diluted returns.

9 Investments

	2007	2006
	£	£
Valuation		
Traded on AIM	6,381,352	12,904,164
Unquoted equity shares	16,874,972	14,094,657
Unquoted preference shares	75,815	49,226
Loan stock	7,584,925	8,356,985
Total	30,917,064	35,405,032
Brought forward net unrealised (gains)/losses now realised	(1,042,523)	4,059,632
Realised gains/(losses)	1,129,848	(2,475,777)
Transaction costs	(1,419)	(27,071)
Realised gains for the year	85,906	1,556,784
Unrealised losses for the year	(3,150,761)	(4,074,141)
Total losses for the year	(3,064,855)	(2,517,357)

A full list of the portfolio holdings by their aggregate market value is on pages 17-18.

Movements in investments during the year are summarised as follows:

	Traded on AIM	Unquoted equity shares	Unquoted preference shares	Loan stock	Total
	£	£	£	£	£
Valuation at 30 September 2006	12,904,164	14,094,657	49,226	8,356,985	35,405,032
Impairment	-	-	-	153,943	153,943
Unrealised (gains)/losses	(5,783,922)	(9,175,875)	113,741	2,227,228	(12,618,828)
Cost at 30 September 2006	7,120,242	4,918,782	162,967	10,738,156	22,940,147
Purchases at cost	346,000	1,152,281	24,738	2,021,253	3,544,272
Sales proceeds	(1,607,281)	(305,911)	(109,872)	(2,945,740)	(4,968,804)
Realised gains/(losses)	1,240,614	(237,689)	99,872	27,051	1,129,848
Book cost at 30 September 2007	7,099,575	5,527,463	177,705	9,840,720	22,645,463
Impairment	-	-	-	(153,943)	(153,943)
Unrealised (losses)/gains at 30 September 2007	(718,223)	11,347,509	(101,890)	(2,101,852)	8,425,544
	6,381,352	16,874,972	75,815	7,584,925	30,917,064

The amounts provided at the end of the year or written off against unlisted investments were as follows:

	Total Provisions at end of year	Write-offs in year
Financial Year	£	£
2007	6,690,435	592,011
2006	6,268,991	5,522,339
2005	8,665,187	523,651
2004	7,483,325	989,815

10 Debtors

	2007	2006
	£	£
Amounts due within one year:		
Accrued income	154,576	507,673
Prepayments	149,470	14,358
Other debtors	414,741	414,741
	718,787	936,772

Other debtors include £414,741, being further amounts receivable from the disposal of an investment. They are payable by the acquirer upon the achievement of certain contractual conditions in the agreement for sale, which the Board consider will occur in future.

11 Current investments

	2007	2006
	£	£
Monies held pending investment	6,581,497	5,969,440

These comprise investments in two Dublin based OEIC money market funds, one managed by Royal Bank of Scotland plc and the other by Blackrock Investment Management (UK) Limited (formerly named Merrill Lynch). £6,311,460 (2006: £5,718,550) of this sum is subject to same day access while £270,037 (2005: £250,890) is subject to two day access. These sums are regarded as monies held pending investment.

12 Creditors: amounts falling due within one year

	2007	2006
	£	£
Trade creditors	43,848	28,474
Other creditors (including £548,437 relating to share buybacks)	561,949	14,590
Accruals	148,130	144,996
Dividend payable	731,790	-
	1,485,717	188,060

13 Significant interests

At 30 September 2007 the Company held significant investments, amounting to 3% or more of the equity capital of an undertaking, in the following companies:

Company	Equity investment (ordinary shares) £	Investment in loan stock and preference shares £	Total investment (at cost) £	Percentage of investee company's total equity	
Image Source Group Limited	300,000	5,000	305,000	44.0%	*
Camwood Limited	333,333	694,848	1,028,181	34.7%	*
Duncary 4 Limited	33	1,035,441	1,035,474	33.2%	
Brookerpaks Limited	50,000	5,000	55,000	18.2%	
The Hunter Rubber Company Limited (in administration)	436,047	500,000	936,047	17.9%	
FH Ingredients Limited	83,811	319,492	403,303	17.6%	
Letraset Limited	150,000	500,000	650,000	17.4%	
HWA Limited	69,105	-	69,105	17.0%	*
Aquasium Technology Limited	166,667	533,333	700,000	16.7%	
Inca Interiors Limited	50,000	300,000	350,000	14.8%	
NexxtDrive Limited	487,014	325,000	812,014	14.3%	*
Tottel Publishing Limited	128,700	386,100	514,800	13.7%	
Blaze Signs Holdings Limited	401,550	936,950	1,338,500	12.5%	
Ministry of Cake Holdings Limited	87,961	633,319	721,280	12.3%	
Oxonica plc	2,136,763	-	2,163,763	11.3%	
Amaldis Limited (formerly Original Additions (Beauty Products) Limited)	70,313	10,000	80,313	11.0%	*
VSI Limited	38,895	349,958	388,853	10.0%	
Sarantel Group plc	1,881,251	-	1,881,251	8.9%	
Youngman Group Limited	100,052	900,000	1,000,052	8.5%	
Alaric Systems Limited	565,156	30,646	595,802	8.1%	
Racoon International Holdings Limited	165,256	385,596	550,852	7.7%	
PXP Holdings Limited	227,783	563,129	790,912	6.8 %	
Corero plc (formerly Mondas plc)	600,000	-	600,000	6.5%	
DCG Datapoint Group Limited	83,324	228,750	312,074	6.3%	
Biomer Technology Limited	137,170	-	137,170	5.8%	
British International Holdings Limited	112,500	387,500	500,000	5.0%	
Vectair Holdings Limited	53,207	162,707	215,914	4.6%	
PastaKing Holdings Limited	116,962	175,443	292,405	4.5%	
DiGiCo Europe Limited	253,906	402,994	656,900	4.3%	
Campden Media Limited	66,976	267,904	334,880	3.7%	
Tikit Group plc	500,000	-	500,000	3.4%	

* The percentage of equity held for these companies may be subject to further dilution of an additional 1% or more if, for example, management of the investee company exercise share options.

The Company owns certain investments that the Companies Act 1985 requires to be treated as associated undertakings and therefore accounted for using the equity method of accounting. These investments are held as part of an investment portfolio whose value to the Company derives from their marketable value. Therefore, the Directors believe that equity accounting for such investments would not give a true and fair view of the value generated from the investment activities of the Company. The Directors believe that directors' valuation provides a better indication of the Company's investment activities. This treatment represents a true and fair override of the requirements of the Companies Act but is in accordance with the provisions of Financial Reporting Standard 9 "Associates and Joint Ventures".

All of the above companies are incorporated in the United Kingdom.

Foresight also advises Foresight VCT plc, Foresight 2 VCT plc, Foresight 3 VCT plc and Foresight 4 VCT plc in respect of their investments, who have made investments to 30 September 2007 in the following:-

	Foresight VCT plc At cost £	Foresight 2 VCT plc At cost £	Foresight 3 VCT plc At cost £	Foresight 4 VCT plc At Cost £	Total at cost £	% of equity held by funds managed by Foresight %
Sarantel plc	3,247,166	468,000	743,000	-	4,458,166	20.6
Oxonica plc	2,373,710	1,000,000	-	-	3,373,710	14.8
Corero plc	1,903,116	-	-	-	1,903,116	14.0
Aquasium Technology Limited	1,400,000	-	-	-	1,400,000	33.3
Alaric Systems Limited	1,340,465	-	644,620	-	1,985,085	27.3
Ant plc	1,097,200	-	-	-	1,097,200	6.4
DCG Datapoint Limited	938,220	-	-	-	938,220	29.4
Aigis Engineering Solutions Limited	645,188	1,000,000	-	275,000	1,920,188	26.2
Camwood Limited	514,090	-	-	-	514,090	13.3

MPEP also advises Matrix Income and Growth VCT plc, Matrix Income and Growth 2 VCT plc, Matrix Income and Growth 3 VCT plc and Matrix Income and Growth 4 VCT plc who have investments as at 30 September 2007 in the following:

	Matrix Income and Growth VCT plc at cost £	Matrix Income and Growth 2 VCT plc at cost £	Matrix Income and Growth 3 VCT plc at cost £	Matrix Income and Growth 4 VCT plc at cost £	Total at cost £	% of equity held by funds managed by MPEP %
Blaze Signs Holdings Limited	1,573,750	1,398,498	379,236	610,016	3,961,500	52.5
DiGiCo Europe Limited	1,000,000	1,000,000	943,100	1,000,000	3,943,100	30.0
PXP Holdings Limited	1,000,000	1,000,000	1,000,000	584,088	3,584,088	37.3
British International Holdings Limited	1,000,000	1,000,000	750,000	250,000	3,000,000	34.9
Racoon International Holdings Limited	874,199	878,527	789,617	406,805	2,949,148	49.0
Youngman Group Limited	1,000,000	1,000,000	-	500,000	2,500,000	29.7
Campden Media Limited	975,000	975,000	-	152,620	2,102,620	28.4
VSI Limited	618,053	488,661	227,231	177,213	1,511,158	48.9
PastaKing Holdings Limited	464,047	466,344	419,148	133,055	1,482,594	27.5
Ministry of Cake Holdings Limited	1,000,000	-	-	328,720	1,328,720	35.0
Vectair Holdings Limited	560,302	243,784	-	100,000	904,086	24.0
BBI Holdings plc	381,863	201,631	-	57,528	641,022	3.1
Stortext FM Limited	-	-	-	561,806	561,806	5.8
Letraset Limited	-	-	-	500,000	500,000	34.7
SectorGuard plc	150,000	150,000	-	150,000	450,000	5.4
FH Ingredients Limited	212,893	-	-	183,804	396,697	35.0
Inca Interiors Limited	-	-	-	350,000	350,000	19.5
Tottel Publishing Limited	-	-	-	235,200	235,200	20.0
BG Consulting Group Limited	-	-	-	23,701	23,701	15.6
Duncary 4 Limited	-	-	-	207,088	207,088	39.8

14 Called up share capital

	2007	2006
Authorised:	**£**	**£**
Ordinary Shares of 1p each: 85,000,000	850,000	850,000
Allotted, called-up and fully paid:		
Ordinary Shares of 1p each: 36,589,479 (2006: 39,109,922)	365,895	391,099

Under the terms of the dividend investment scheme, a total of 68,881 (2006: 52,509) Ordinary shares were allotted during the year for a total consideration of £76,309 (2006: £61,499).

During the year the Company purchased 2,589,324 (2006: 1,100,000) of its own shares for cash (representing 7.1% of the shares in issue at the year end) at the prevailing market price for a total cost of £2,202,103 (2006: £1,038,937) as follows:

Purchased	Date of purchase	Nominal value
		£
100,000	15 February 2007	1,000
50,000	19 February 2007	500
150,000	19 March 2007	1,500
116,805	15 August 2007	1,167
1,453,239	23 August 2007	14,533
100,000	19 September 2007	1,000
226,535	21 September 2007	2,265
136,745	25 September 2007	1,368
256,000	28 September 2007	2,560
2,589,324	Nominal value	25,893

15 Reserves

	Share premium account	Capital redemption reserve	Special reserve (distributable)	Capital reserve (unrealised) (non-distributable)	Capital reserve (realised) (distributable) see note a below	Revenue reserve (distributable) see note a below
	£	£	£	£	£	£
At beginning of year	60,974	27,441	25,025,881	12,618,828	5,298,692	727,363
Gain on disposal of investments	-	-	-	-	85,906	-
Decrease in unrealised appreciation	-	-	-	(3,150,761)	-	-
Realisation of previously unrealised appreciation	-	-	-	(1,042,523)	1,042,523	-
Transfer of realised capital losses (see note b below)	-	-	(1,315,508)	-	1,315,508	-
Capital dividend	-	-	-	-	432,488	-
Other expenses net of taxation	-	-	-	-	(655,808)	-
Dividend re-invested in new shares	75,620	-	-	-	-	-
Dividends	-	-	-	-	(1,905,087)	(293,324)
Own shares purchased during the year	-	25,893	(2,202,103)	-	-	-
Net revenue for the period	-	-	-	-	-	240,595
At 30 September 2007	136,594	53,334	21,508,270	8,425,544	5,614,222	674,634

Note a – the realised capital reserve and the revenue reserve together comprise the Profit and Loss Account reserve of the Company shown in the balance sheet.

Note b – the cancellation of the share premium account (as approved at the Annual General Meeting held on 13 February 2002 and Order of the Court dated 1 May 2002) has provided the Company with a special reserve out of which it can fund buy-backs of Ordinary Shares as and when it is considered by the Board to be in the interests of the shareholders, and to absorb any existing and future realised losses. The transfer of £1,315,508 to the special reserve from the realised capital reserve above is the total of realised losses incurred by the Company in the year. Shareholders approved the cancellation of the Share Premium Account to be attributable to the S Share Fund at the Extraordinary General Meeting of the Company held on 9 October 2007. It is the Directors' intention to proceed with this as soon as is practicable following the close of the S Share Offer to be launched in December 2007 ("the S Share Offer").

The Shareholders authorised the Company to purchase its own shares pursuant to section 166 of the Companies Act 1985 at the Extraordinary General Meeting held on 9 October 2007. The authority is limited to a maximum number of 5,600,000 Ordinary Shares and 3,000,000 S Shares (this being approximately 14.99% of the expected issued Ordinary Share capital and issued S Share capital of the Company immediately following the issue of shares pursuant to the proposed S Share Offer. The authority will, unless previously revoked or renewed, expire on the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2008 and the date which is fifteen months after the date on which the resolution was passed. The maximum price that may be paid for an Ordinary Share or an S Share will be an amount that is not more than 5 per cent above the average of the middle market quotations of the shares as derived from the Daily Official List of the London Stock Exchange for the five business days preceding such purchase. The authority provides that the Company may make a contract or contracts to purchase its own shares prior to the expiry of the authority which may be executed in whole or part after the expiry of such authority, and may purchase its shares in pursuance of any such contract. A resolution to renew this authority will be proposed at the Annual General Meeting to be held on 6 February 2008.

16 Net asset value per Ordinary Share

Net asset value per Ordinary Share is based on net assets at the end of the period, and on 36,589,479 (2006: 39,109,922) Ordinary Shares, being the number of Ordinary Shares in issue on that date. Other than the performance related incentive referred to in Note 3, there are no instruments in place that will increase the number of shares in issue in future. Accordingly, the net asset values disclosed currently represent both basic and diluted net asset values.

17 Reconciliation of net revenue before taxation to net cash inflow/(outflow) from operating activities

	2007	**2006**
	£	**£**
Net revenue before taxation	260,463	444,278
Investment management fees charged to capital	(675,676)	(699,292)
Transaction costs	(1,419)	(27,071)
Decrease/(increase) in debtors	217,985	(151,700)
Increase/(decrease) in creditors and accruals	17,430	(6,278)
Capital dividend	432,488	-
Net cash inflow/(outflow) from operating activities	251,271	(440,063)

18 Analysis of changes in net funds

	Cash	**Liquid resources**	**Total**
	£	**£**	**£**
At beginning of year	2,027,094	5,969,440	7,996,534
Cash flows	(1,980,232)	612,057	(1,368,175)
At 30 September 2007	46,862	6,581,497	6,628,359

19 Financial instruments

The Company's financial instruments in both years comprise:

- Equity and non-equity shares and fixed interest securities that are held in accordance with the Company's investment objective.
- Cash, liquid resources and debtors and creditors that arise directly from the Company's operations.

It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Company's financial instruments are due to fluctuations in market prices and interest rates. The Board regularly reviews and agrees policies for managing each of these risks and they are summarised below. These have been in place throughout the current and preceding periods.

Risk

Credit Risk: Failure by counter-parties to deliver securities which the Company has paid for, or pay for securities which the Company has delivered or for the receipt of loan repayments and interest, preference share redemptions and receipts of preference dividends.

Market risk: Market price risk arises from uncertainty about the future prices of financial instruments held in accordance with the Company's investment objectives. It represents the potential loss that the Company might suffer through holding market positions in the face of market movements.

The investments in equity and fixed interest stocks of unquoted and AIM quoted companies the Company holds are thinly traded and as such the prices are more volatile than those of more widely traded securities. In addition, the ability of the Company to realise the investments at their carrying value may at times not be possible if there are no willing purchasers. The ability of the Company to purchase or sell investments is also constrained by the requirements set down for venture capital trusts.

Financial instruments are stated in the balance sheet at values which are not materially different from their fair value. Investments' valuation is aimed at fair value and for cash, book value approximates to fair value due to the short maturity of the instruments.

Interest Rate: The Company's fixed interest securities, its equity and non-equity investments and net revenue may be affected by interest rate movements. Investments are often in start-up businesses, which are relatively high risk investments sensitive to interest rate fluctuations. Due to the short time to maturity of some of the Company's fixed rate investments, it may not be possible to re-invest in assets which provide the same rates as those currently held.

Currency risk: All assets and liabilities are denominated in sterling and therefore there is no currency risk.

Management of risk

Credit Risk: All transactions are settled on the basis of delivery against payment. The Board manages the credit risk inherent in the Company's portfolio by maintaining an appropriate spread of credit risk, and by ensuring full and timely access to relevant information from the Investment Managers. The Investment Committee meets regularly and reviews the investment performance and financial results, as well as compliance with the Company's objectives.

Market Risk: Similarly, the Board manages the market price risk inherent in the Company's portfolio by maintaining an appropriate spread of market risk, and by ensuring full and timely access to relevant information from the Investment Managers. The Investment Committee meets regularly and reviews the investment performance and financial results, as well as compliance with the Company's objectives. The Board seeks to ensure that an appropriate proportion of the Company's portfolio is invested in cash and readily realisable securities, which are sufficient to meet any funding commitments that may arise. The Company does not use derivative instruments to hedge against market risk.

Interest Rate: The Company's assets include fixed interest stocks, the values of which are regularly reviewed by the Board, as referred to above.

Financial assets

The interest rate profile of the Company's financial net assets at 30 September 2007 was:

	Financial assets on which no interest paid	**Fixed rate financial assets**	**Floating rate financial assets**	**Total**	**Weighted average interest rate**	**Average period to maturity**
	£	**£**	**£**	**£**	%	(years)
Equity shares	23,394,037	-	-	23,394,037		
Preference shares	75,815	-	-	75,815	6.48	2.56
Loan stocks	-	7,447,212	-	7,447,212	9.38	2.52
OEIC money market funds	-	-	6,581,497	6,581,497	5.94	
Cash	46,862	-	-	46,862		
Debtors	718,787	-	-	718,787		
Creditors	(1,485,717)	-	-	(1,485,717)		
Total	22,749,784	7,447,212	6,581,497	36,778,493		

The interest rate profile of the Company's financial net assets at 30 September 2006 was:

	Financial assets on which no interest paid	Fixed rate financial assets	Floating rate financial assets	Total	Weighted average interest rate	Average period to maturity
	£	£	£	£	%	(years)
Equity shares	26,998,821	-	-	26,998,821		
Preference shares	49,226	-	-	49,226	6.10	2.19
Loan stocks	-	8,356,985	-	8,356,985	8.46	2.54
OEIC money market funds	-	-	5,969,440	5,969,440	4.66	
Cash	2,027,094	-	-	2,027,094		
Debtors	936,772	-	-	936,772		
Creditors	(188,060)	-	-	(188,060)		
Total	29,823,853	8,356,985	5,969,440	44,150,278		

The Company's investments in equity shares and similar instruments have been excluded from the calculation of the interest rate risk profiles above as they have no maturity date and would thus distort the weighted average period information.

The carrying value of financial assets and liabilities approximates their fair value, due to their short-term maturity.

There are no committed undrawn facilities at the year-end.

20 Segmental analysis

There is only one class of business and the operations of the Company are wholly in the United Kingdom.

21 Related party transactions

Up until 28 September 2007, Christopher Moore was Chairman of, but remains a shareholder in, Oxonica plc ("Oxonica") in which the Company has invested £2,136,763 (carrying value: £1,944,060). He owns 0.35% of the equity of Oxonica. It was agreed that 15% of his salary earned from Oxonica in excess of £45,000 in any year will be paid to I&G. For the period to Christopher Moore's resignation, the amount paid in respect of calendar 2007 was £4,500, paid in March 2007. In addition, The Income and Growth VCT plc received £7,875 of a bonus paid to Christopher Moore, in respect of that year.

Additionally, it has been agreed that Christopher Moore will cede 128,972 options into ordinary shares of Oxonica out of his options pool. These options are subject to performance conditions and lock in restrictions. The exercise price of the options is 45p. The bid market price of Oxonica ordinary shares as at 30 September 2007 was 38p.

22 Post Balance sheet events

On 9 October 2007 at an Extraordinary General Meeting of the Company, shareholders approved:-

- a change in the name of the Company to "The Income and Growth VCT plc" from the date of the meeting;
- the creation of and authority to issue S Shares pursuant to an S Share Offer, which the Board is launching shortly;
- amendments to the Articles of Association;
- Cancellation of the S Share Premium Account of the Company;
- an extension of the life of the Company;
- proposed changes to the Managers' Incentive Arrangements for the Ordinary Shares Fund and proposals for incentive agreements for the S Share Fund;
- use of electronic means to communicate with shareholders.

The Income & Growth VCT PLC
(Registered in England and Wales No. 4069483)

NOTICE of the ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the seventh Annual General Meeting of the Company will be held at 11.00 am on Wednesday, 6 February 2008 at Matrix Group Limited, Sixth Floor, One Jermyn Street, London, SW1Y 4UH for the purposes of considering and, if thought fit, passing the following resolutions of which resolutions 1 to 7 will be proposed as ordinary resolutions and resolutions 8 and 9 will be proposed as special resolutions:-

ORDINARY BUSINESS

Ordinary Resolutions

1. To receive and adopt the Annual Report and Accounts of the Company for the year ended 30 September 2007, together with the auditors' report thereon.

2. To approve the Directors' Remuneration Report for the year ended 30 September 2007 which is set out in the Annual Report and Accounts of the Company for the year ended 30 September 2007.

3. To appoint PKF (UK) LLP of Farringdon Place, 20 Farringdon Road, London EC1M 3AP as auditors to the Company until the conclusion of the next annual general meeting of the Company.

4. To authorise the Directors to determine the remuneration of the auditors.

5. To re-elect Christopher Moore as a Director of the Company.

6. To approve the payment of a final revenue dividend of 1 penny per share and a final capital dividend of 1 penny per share for the year ended 30 September 2007.

SPECIAL BUSINESS

Ordinary Resolution

7. That the Directors be and are generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities (which expression shall have the meaning ascribed to it in section 80 of the Companies Act 1985 ("the Act")) up to an aggregate nominal amount of £383,679 provided that this authority shall expire on the fifth anniversary of the date of the passing of this resolution unless renewed, revoked or varied by the Company in general meeting (except that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and notwithstanding such expiry the Directors may allot equity securities in pursuance of such offers or agreements).

Special Resolutions

8. That the Directors be and are hereby empowered in accordance with section 95 (1) of the Act to allot or make offers or agreements to allot equity securities (as defined in section 94(2) of the Act) for cash, pursuant to the authority given in accordance with Section 80 of the Act by Resolution 7 set out in this notice of Annual General Meeting as if section 89(1) of the Act did not apply to the allotment provided that this power shall expire on the conclusion of the Annual General Meeting to be held in 2009, and provided further that this power shall be limited to:-

   (i) the allotment of equity securities with an aggregate nominal value not exceeding £150,000 pursuant to an offer for subscription of S ordinary shares of 1 penny each (“S Shares”) in the capital of the Company (“the Offer”);

   (ii) the allotment of equity securities with an aggregate nominal value of:

      (a) £74,617 (through the issue of ordinary shares of 1 penny each in the capital of the Company (“Ordinary Shares”)) in connection with performance incentive arrangements to Matrix Private Equity Partners LLP and Foresight Group LLP in connection with the investment of the Ordinary Shares; and

      (b) £30,000 (through the issue of S Shares) in connection with performance incentive arrangements to Matrix Private Equity Partners LLP in connection with the fund attributable to the S Shares;

   (iii) the allotment, otherwise than pursuant to sub-paragraphs (i) and (ii) above, of equity securities with an aggregate nominal value of up to but not exceeding 10 per cent. of the issued Ordinary Share capital of the Company and 10 per cent. of the S Share capital of the Company, in each case immediately following the closing of the Offer, pursuant to any dividend investment scheme operated from time to time by the Company;

   (iv) the allotment, otherwise than pursuant to sub-paragraphs (i), (ii) and (iii) above, of equity securities with an aggregate nominal value of up to but not exceeding 10 per cent. of the issued Ordinary Share capital of the Company and/or 10 per cent. of the S Share capital of the Company, in each case immediately following the closing of the Offer, where the proceeds of the allotment may be used in whole or in part to purchase the Company's Ordinary Shares or, as the case may be, S Shares in the market; and

   (v) the allotment, otherwise than pursuant to sub-paragraphs (i), (ii) (iii) and (iv) above, of equity securities from time to time with an aggregate nominal value of up to but not exceeding 5 per cent. of the issued Ordinary Share capital of the Company and/or S Share capital of the Company, in each case immediately following the closing of the Offer.

9. That the Company generally be and is hereby authorised for the purpose of section 166 of the Act to make market purchases (as defined in section 163 of the said Act) of its own shares provided that:-

- the aggregate number of Ordinary Shares and S Shares hereby authorised to be purchased shall not exceed 5,490,163 and 2,248,500 respectively;
- the minimum price which may be paid for such Ordinary Shares and S Shares is 1 penny per share, the nominal amount thereof;
- the maximum price (exclusive of expenses) which may be paid for an Ordinary Share or an S Share, as the case may be, shall be five per cent above the average of the middle market quotations taken from The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the purchase is made;
- the authority hereby conferred shall (unless previously renewed or revoked) expire on the conclusion of the annual general meeting of the Company to be held in 2009; and
- the Company may make a contract or contracts to purchase its own Ordinary Shares and S Shares, as the case may be, under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of its own shares in pursuance of any such contract.

BY ORDER OF THE BOARD
Matrix-Securities Limited
Secretary
Registered Office
One Jermyn Street
London SW1Y 4UH

30 November 2007

NOTES:

(i) A person entitled to receive notice of, attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote, on a poll, in his place. A proxy need not be a member of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy you should identify each proxy and to what shares they are appointed on the proxy form.

(ii) In accordance with Section 325 of the Act, the right to appoint proxies does not apply to persons nominated to receive information rights under section 146 of the Act. Persons nominated to receive information rights under section 146 of the Act who have been sent a copy of this notice of meeting are hereby informed, in accordance with Section 149 (2) of the Act, that they may have a right under an agreement with the registered member by whom they were nominated to be appointed, or to have someone else appointed, as a proxy for this meeting. If they have no such right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the member as to the exercise of voting rights. Nominated persons should contact the registered member by whom they were nominated in respect of these arrangements. The only exception to this is where the Company expressly requests a response from you.

(iii) To be valid the enclosed form of proxy for the Annual General Meeting together with the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy thereof must be deposited by 11.00 am on 4 February 2008 at the offices of the Company's Registrars, Capita Registrars, Proxy Department, PO Box 25, Beckenham, Kent BR3 4BR.

(iv) Completion and return of the form of proxy will not prevent you from attending and voting in person at the Annual General Meeting.

(v) As at 30 November 2007, the Company's issued share capital comprised 36,625,504 ordinary shares of 1 penny each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at on 30 November 2007 is 36,625,504.

(vi) The Company, pursuant to Regulation 41 of the Uncertified Securities Regulations 2001, specifies that only those shareholders registered in the Register of Members of the Company as at midnight on 4 February 2008 or, in the event that the meeting is adjourned, in the Register of Members 48 hours before the time of any adjourned meeting, shall be entitled to attend or vote at the Annual General Meeting in respect of the number of shares registered in their name at the relevant time. Changes to entries in the Register of Members after midnight on 4 February 2008 or, in the event that the meeting is adjourned, in the Register of Members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.

(vii) The Register of Directors' Interests shall be available for inspection at the place of the Annual General Meeting for at least fifteen minutes prior to and during the meeting.

The Income & Growth VCT PLC ("the Company")

DIVIDEND INVESTMENT SCHEME

The Dividend Investment Scheme ("the Scheme") is a convenient, easy and cost effective way to build your shareholding in the Company. Instead of receiving cash dividends you can elect to receive new Ordinary Shares in the Company. The Scheme is available exclusively to the Company's Shareholders and their nominees.

Your new Ordinary Shares will be allotted as soon as practicable on or after the dividend payment date at a price equal to the latest published net asset value of the Ordinary Shares.

Ordinary Shares issued pursuant to the Scheme will be new Ordinary Shares issued by the Company and will, subject to an individual Shareholder's particular circumstances, attract VCT tax reliefs applicable for the tax year in which the new Ordinary Shares are allotted. The tax relief currently available to investors in new VCT shares is 30% for the 2007/08 tax year for VCT investments up to £200,000 in any one tax year.

Before completing this application form Shareholders are advised to read the Terms and Conditions of the Scheme which can be obtained on request from the Company Secretary or by downloading a copy from the Company's website: at www.incomeandgrowthvct.co.uk.

If you wish to participate in the Company's Dividend Investment Scheme please complete, sign and return this form to **Capita Registrars Limited, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, England**. Please note that your completed Mandate Form must be received by the Scheme Administrator no later than 15 days prior to a dividend payment date to ensure that your application will be valid in respect of that dividend payment. Applications previously submitted will continue to be valid in respect of these dividends. **Shareholders who have already joined the scheme do not need to resubmit a Mandate Form.**

To: Capita Registrars Limited (the "**Scheme Administrator**")

1. I/We, the undersigned, being the registered holder(s) of Ordinary Shares in The Income & Growth VCT plc elect to participate in the Company's Dividend Investment Scheme for dividends paid on all of my/our holding of Ordinary Shares in the Company from time to time.

2. I/We have read and agree to the Terms and Conditions of The Income & Growth VCT plc Dividend Investment Scheme approved by Shareholders on 31 January 2006 ("**Terms and Conditions**"). I/We acknowledge that this application form together with the Terms and Conditions form a legally binding agreement between the Scheme Administrator and me/us.

3. I/We agree that share certificates will be sent at my/our risk by post, or that my/our CREST account will be credited in respect of any Ordinary Shares in the Company purchased on my/our behalf. This mandate will remain in force until written notice is received by Scheme Administrator in accordance with the Terms and Conditions.

Name:		**Address:**	
Signature:		**Date:**	

If you are a CREST participant, please state your Participant I.D:		Daytime Telephone Number:	

All joint holders must sign this Application form. In the case of a company this form must be executed in accordance with Section 36A of the Companies Act 1985 or signed on its behalf by a duly authorised officer or agent. If your personal details printed above are not correct, please amend them where necessary and sign and return this form to the Scheme Administrator.

If you have any questions please contact the Scheme Administrator by telephone on **0871 664 0030 (calls cost 10p per minute plus network charges) or if calling from overseas +(44) 208 639 3399 or by e-mail to ssd@capitaregistrars.com.**

Corporate Information

Directors
Colin Hook
Christopher Moore
Helen Sinclair

Registered Office
One Jermyn Street
London SW1Y 4UH

Company Secretary
Matrix-Securities Limited
One Jermyn Street
London SW1Y 4UH

Company Registration Number: 4069483
www.incomeandgrowthvct.co.uk

Independent Auditors
PKF (UK) LLP
Farringdon Place
20 Farringdon Road
London EC1M 3AP

Solicitors
Martineau Johnson
No 1 Colmore Square
Birmingham B4 6AA

Promoter and Administrator
Matrix-Securities Limited
One Jermyn Street
London SW1Y 4UH

VCT Status Advisers
PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

Registrar
Capita Registrars
Northern House
Woodsome Park
Fennay Bridge
Huddersfield
West Yorkshire HD8 0LA

Bankers and Custodians
National Westminster Bank plc
City of London Office
P O Box 12264
Princes Street
London EC2R 8PB

Sponsor and Stockbroker
Landsbanki Securities (UK) Limited
Beaufort House
15 St Botolph Street
London EC3A 7QR

Investment Managers

Matrix Private Equity Partners LLP
One Jermyn Street
London
SW1Y 4UH

MPEP are responsible for selecting investments in a range of industrial and commercial sectors.

www.matrixpep.co.uk

Foresight Group LLP (formerly VCF LLP)
Swiss Life House
South Park
Sevenoaks
Kent TN13 1DU

Foresight are responsible for selecting investments primarily in the UK information technology, software and computer services sectors.

www.foresightventurepartners.com