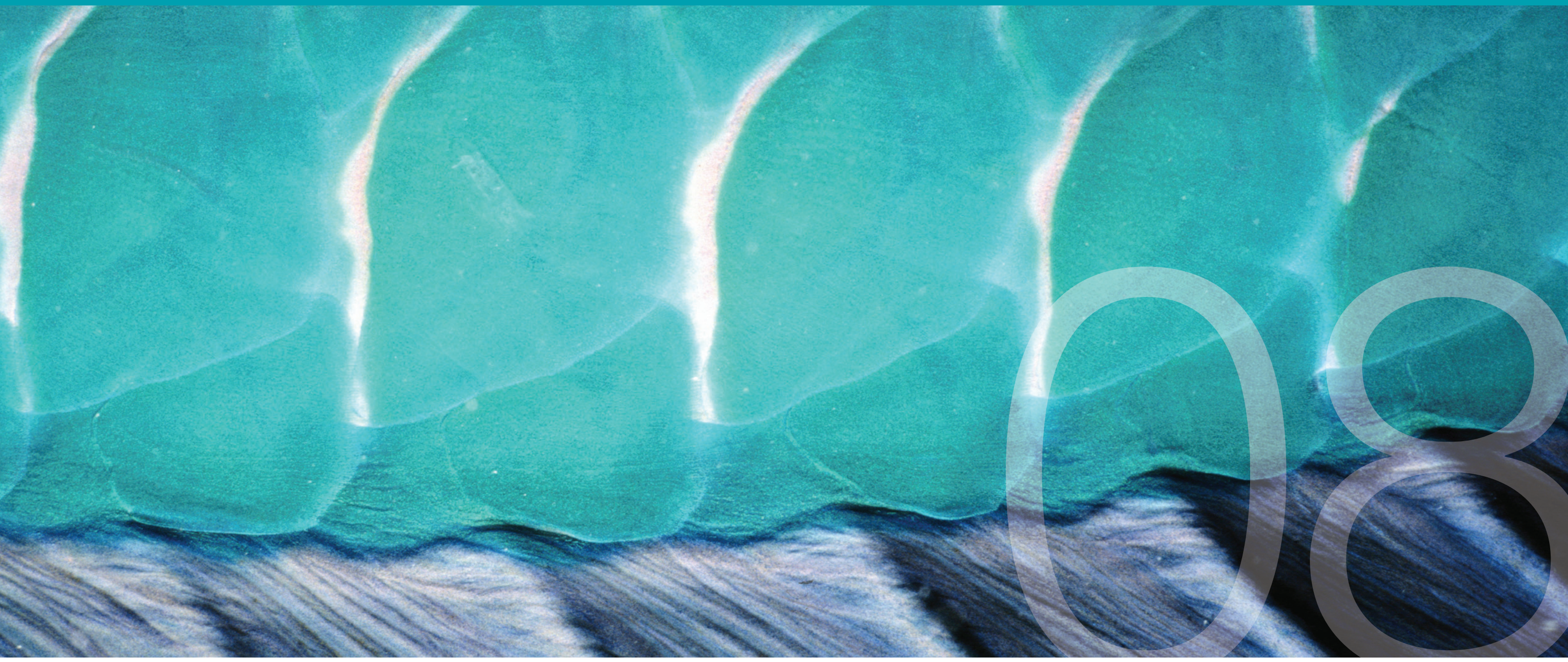
Annual Report and Financial Statements for the year ended 30 September 2008



Close Income & Growth VCT PLC

closeventures

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Company information

Company Number	5132495
Directors	Friedrich Ternofsky, Chairman Mary Anne Cordeiro John Kerr Patrick Reeve David Watkins
Company secretary and registered office	Close Ventures Limited 10 Crown Place London EC2A 4FT
Manager	Close Ventures Limited 10 Crown Place London EC2A 4FT Tel: 020 7422 7830 Fax: 020 7422 7849 Website: *www.closeventures.co.uk*
Custodian	Capita Trust Company Limited Phoenix House 7th Floor 18 King William Street London EC4N 7HE
Registered auditors	PKF (UK) LLP Farringdon Place 20 Farringdon Road London EC1M 3AP
Taxation adviser	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RN
Legal adviser	Berwin Leighton Paisner LLP Adelaide House London Bridge London EC4R 9HA

Close Income & Growth VCT PLC is a member of the Association of Investment Companies.

Shareholder information	For help relating to dividend payments, shareholdings and share certificates please contact Capita Registrars Limited: Tel: 0871 664 0300 (calls cost 10p per minute plus network extras) Email: *ssd@capitaregistrars.com* Website: *www.capitaregistrars.com* For enquiries relating to the performance of the Fund please contact Close Ventures Limited: Tel: 020 7422 7830 Email: *enquiries@closeventures.co.uk* Website: *www.closeventures.co.uk*
IFA information	Independent Financial Advisors with questions please contact Close Ventures Limited: Tel: 08442 579 722 (calls cost 4p per minute plus network extras) Email: *enquiries@closeventures.co.uk* Website: *www.closeventures.co.uk*

Investment objectives

Close Income & Growth VCT PLC (the "Company") is a Venture Capital Trust which raised £45 million under the Offer for Subscription which closed in March 2005 and which was fully subscribed. The Company intends to provide investors with a regular and predictable source of income combined with the prospect of long term capital growth.

The Company allows investors the opportunity to participate in a balanced portfolio of high growth businesses and lower risk asset-based companies. It is intended that in time the Company's investment portfolio will be split approximately as follows:

- 45 per cent. to be invested in higher growth unquoted businesses, including early stage technology;
- 45 per cent. to be invested in unquoted asset-based businesses in the leisure sector; and
- 10 per cent. to be held in floating rate securities, cash deposits and gilts.

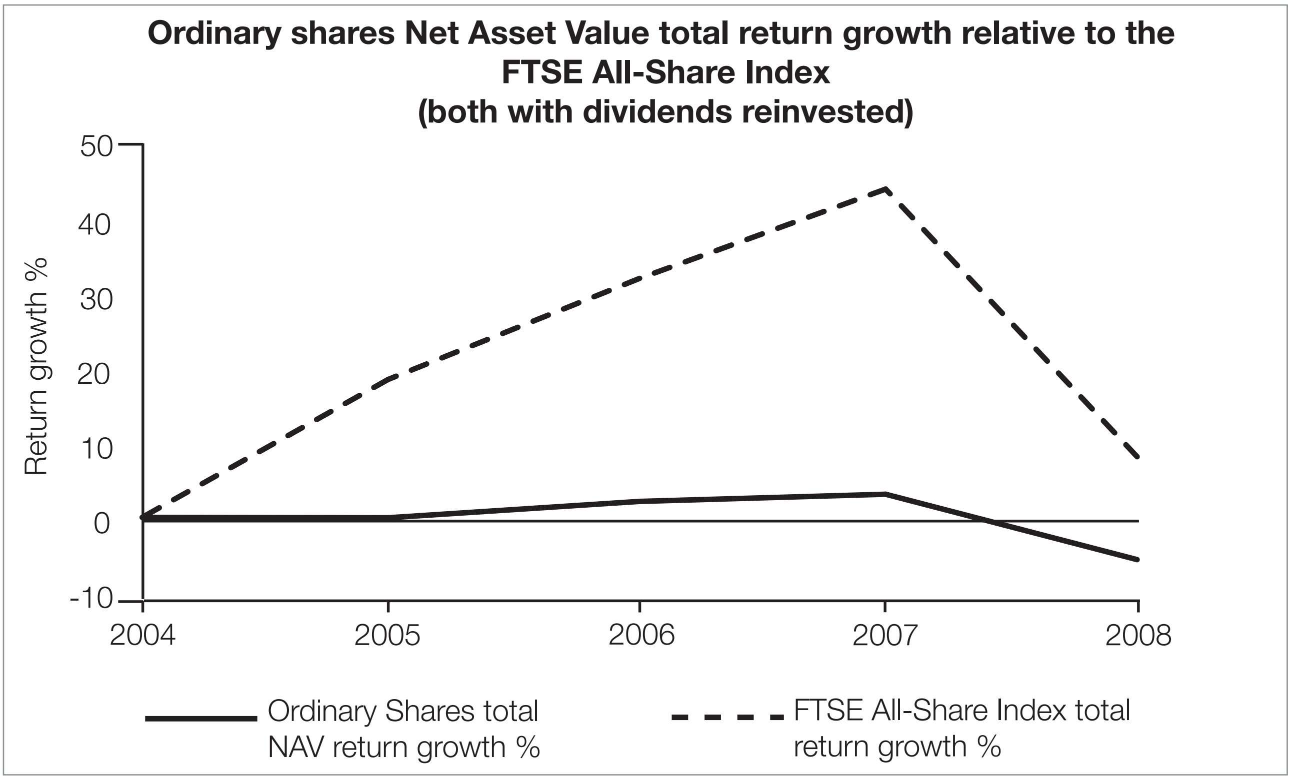
Financial calendar

Annual General Meeting	9 February 2009
Record date for first dividend	5 January 2009
Payment of first dividend	2 February 2009
Announcement of half-yearly results for the six months ended 31 March 2009	May 2009
Payment of second dividend	July 2009

Financial highlights

89.93p	Net asset value plus dividends since launch to 30 September 2008
3.50p	Tax free dividend per share for the year to 30 September 2008
79.73p	Net asset value per share at 30 September 2008

Ordinary shares Net Asset Value total return growth relative to the FTSE All-Share Index (both with dividends reinvested)



Source: Close Ventures Limited

Financial highlights (continued)

	30 September 2008 (pence per share)	30 September 2007 (pence per share)
Dividends paid per Ordinary share	3.50	3.45
Revenue return per Ordinary share	3.94	3.63
Capital loss per Ordinary share	(11.66)	(3.45)
Net asset value per Ordinary share	79.73	90.72

Total shareholder net asset value return to 30 September 2008	
Total dividends paid during the period ended 30 September 2005 (i)	0.65
Total dividends paid during the year ended 30 September 2006	2.60
Total dividends paid during the year ended 30 September 2007	3.45
Total dividends paid during the year ended 30 September 2008	3.50
Total dividends paid to 30 September 2008	10.20
Net asset value as at 30 September 2008	79.73
Total shareholder net asset value return to 30 September 2008	89.93

In addition to the dividends summarised above, the Board has declared a first dividend for the new financial year of 1.75 pence per share (to be paid out of revenue profits) to be paid on 2 February 2009 to those shareholders on the register as at 5 January 2009.

Notes

(i) Investors subscribing by 31 December 2004 and remaining on the register on 1 July 2005 were entitled to a dividend of 0.65 pence per share. Investors subscribing thereafter were not entitled to the first interim dividend.

(ii) These figures exclude tax benefits upon subscription of 40 per cent. income tax relief.

(iii) All dividends paid by the Company are free of income tax. It is an Inland Revenue requirement that dividend vouchers indicate the tax element should dividends have been subject to income tax. Investors should ignore this figure on their dividend voucher and need not disclose any income they receive from a VCT on their tax return.

(iv) The net asset value of the Company is not its share price as quoted on the official list of the London Stock Exchange. The share price of the Company can be found in the Investment Companies – VCTs section of the Financial Times on a daily basis. Investors are reminded that it is common for shares in VCTs to trade at a discount to their net asset value.

Chairman's statement

Introduction

The financial performance for the year to 30 September 2008 reflects the worsening economic environment. The Company saw a total negative return of 7.72 pence per share over the year (2007: 0.18 pence per share positive return) resulting in a decline in net asset value, after the payment of 3.50 pence in dividends to 79.73 pence per share compared to 90.72 pence per share as at 30 September 2007. A decline in the market level of valuation multiples, the start of the recession in the general economy seen during the Autumn this year, and the continuing view of our investee companies' trading prospects, has led to a general pressure on the valuation of investments.

Investment progress and prospects

Investment activity during the year was relatively quiet, reflecting the reluctance of smaller companies to take strategic funding decisions in an uncertain economic climate. A total of £2.1 million was invested in four new companies and nine existing investee companies. In addition, it is pleasing that our investment in Grosvenor Health Limited was sold for a capital profit of £272,000 after having generated a further £260,000 income on the total investment of £884,000.

The slowdown in consumer spending has adversely affected trading in some of our leisure oriented businesses, particularly pubs, health and fitness clubs and travel services. In addition, slower than expected growth in some of our technology investments have resulted in partial write-downs.

Nevertheless, we believe that your Company's policy of ensuring that it has a first charge wherever possible over investee companies' assets, is helping to mitigate the adverse effects of the severe economic downturn. In addition, your Company's cash resources will enable the VCT to take advantage of the lower valuations now becoming apparent.

Recovery of historic VAT

Following a period of lobbying by the Association of Investment Companies, the welcome review of the position regarding the exemption of management fees from VAT by HM Revenue & Customs in July 2008 has meant that the Manager is able to reclaim historic VAT that it had previously charged to the Company. A reclaim of historic VAT of £543,000 (before the deduction of tax) has been credited to the accounts in respect of the prospective repayment, though the final settlement may be a little higher than this. Further details regarding this claim, and its disclosure, are shown in note 6 of the Annual Report and Financial Statements. With effect from 1 October 2008, all management and administration fees are considered exempt from VAT.

Risks and uncertainties

The strongly negative outlook for the UK economy continues to be the key risk affecting the Company and, as mentioned above, we are beginning to see the effects of this in certain sectors of our portfolio. Nevertheless, the portfolio as a whole remains cash generative and it remains our policy for investee companies to have no external bank borrowings. This leads us to anticipate that, over the longer term, the current reductions in valuation represent value deferred rather than value permanently lost, although valuations may come under further pressure in the short term.

Meanwhile, opportunities within our target sectors continue to arise at attractive valuations, including the healthcare sector which will be one of our core areas of concentration going forwards. A detailed analysis of the other risks and uncertainties facing the business are shown in the Directors' report and business review within this Annual Report and Financial Statements.

Results and dividends

As at 30 September 2008, the net asset value was £34.0 million or 79.73 pence per share compared to £40.1 million or 90.72 pence per share at 30 September 2007. Revenue return before taxation was £2.1 million for the year compared to £2.3 million for the year to 30 September 2007. The Board now declares a first dividend of 1.75 pence per share which will be paid on 2 February 2009 to shareholders on the register as at 5 January 2009. This is in line with our dividend target of 3.50 pence per annum.

Dividend Reinvestment Scheme

I draw to shareholders' attention a Dividend Reinvestment Scheme whereby shareholders may elect to reinvest the whole of the dividend due for payment on 2 February 2009 by subscribing for New Ordinary Shares. Benefits to individual shareholders arising on participating in the Dividend Reinvestment Scheme include:

- income tax relief on the reinvestment at the rate of 30 per cent. (VCT investments cannot exceed £200,000 in one tax year to be able to obtain this relief and new shares need to be held for at least five years);
- any gains arising on disposal of shares in a VCT will be exempt from tax (any loss will not be an allowable capital loss); and
- any future dividends on the new shares are not subject to income tax.

Enclosed with this Annual Report and Financial Statements, is a Circular dated 22 December 2008, 'Introduction of a Dividend Reinvestment Scheme' that details the mechanics of this Scheme.

Chairman's statement (continued)

Discount management and share buy-backs

It remains the Board's policy to buy back shares in the market, subject to the overall constraint that such purchases are in the VCT's interest, including the maintenance of sufficient resources for the investment in existing and new investee companies and the continued payment of dividends to shareholders. In order to maximise the allocation of cash resources, the Company's buy-back policy has been amended. The Company will limit the cash available for share buy-backs to up to £500,000 for the six months to 31 March 2009. Once this limit has been reached, the Board will review its policy in the light of cash available for new investments and for dividends to existing shareholders. Given the high level of volatility apparent in all markets, the discount to net asset value per share at which shares are bought back is likely to widen from that which applied historically.

Proposed change to the Company's Articles of Association

An Extraordinary General Meeting held on 4 August 2008, approved a special resolution to amend the Articles of Association enabling directors to authorise actual and potential conflicts of interest as permitted under the Companies Act 2006.

At the forthcoming Annual General Meeting, a special resolution will be proposed to adopt new articles of association in order to update the Company's existing Articles of Association (the "Current Articles") and to take account of the changes that have been brought into force by the Companies Act 2006.

Whilst the Company will be incorporating the new provisions of the Companies Act 2006 in relation to electronic and/or website communications, it does not yet intend to communicate with its shareholders via such means. A summary of the principal changes that are proposed to be made to the Current Articles by resolution 10 is contained in the Directors' report and business review on page 24.

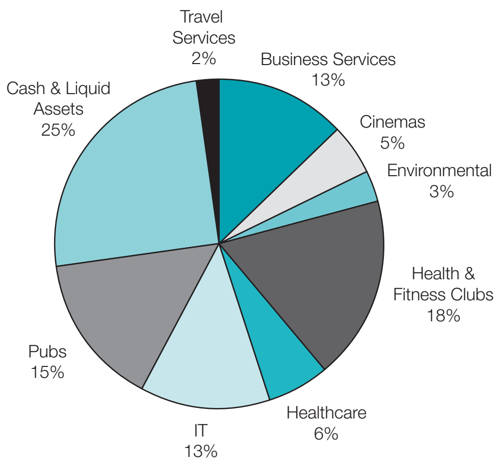
Friedrich Ternosfky
Chairman

22 December 2008

Manager's report

Close Income & Growth VCT's investment portfolio as at 30 September 2008 is shown below. Care has been taken to create a spread across a broad number of sectors, with those that are asset-based and consumer facing, such as pubs, health and fitness clubs and cinemas, being balanced by higher growth businesses in the business services, healthcare, IT and environmental sectors.

The following is the sector split of the portfolio by valuation as at 30 September 2008:



New investments

During the year the VCT invested £1 million in new qualifying investments. New investments include £430,000 in Mi-Pay, a provider of payment and cash transfer system to mobile phone operators worldwide; £290,000 in Opta Sports Data, a provider of Europe-wide sporting statistics and information to a broad variety of media; £135,000 in Vibrant Energy Surveys, a provider of energy saving certificates; and finally £110,000 in Prime Care Holdings, a domiciliary care operator based on the south coast. In addition, we invested a total of £1.1 million in nine existing investee companies, mainly in the IT and medical technology sectors. These tended to be in promising businesses, but where growth had been slower than anticipated.

Portfolio review

The investment portfolio declined in value by £5.0 million during the year mainly as a result of a cautious view of the current trading environment. The valuation of Xceleron, a company which provides specialist drug development services to the life-sciences sector, has been reduced by £0.9 million to reflect disappointing growth and trading losses in the period, although we remain positive over its longer term prospects. Resorthoppa, a global airport transfer services company has been written down by £0.8 million due to difficult trading conditions in the travel industry and increased competition. The investments in the pub sector have been devalued by £0.9 million in aggregate. The VCT's other leisure investments are still showing growth though their valuations have declined as the broader business environment has harshened.

We are working closely with our portfolio companies as they take proactive measures to limit the impact of the down turn. It is our intention going forward to concentrate particularly on the healthcare and environmental sectors as we believe that both are likely to provide a greater degree of resilience during the current recession.

Close Ventures Limited
Manager

22 December 2008

The Board of Directors

The following are Directors of the Company, all of whom operate in a non-executive capacity:

Friedrich Ternofsky (66) Chairman
An Austrian national, he has spent much of his career in the hotel and leisure industry. He was the Chief Executive of Marriott Hotels UK from 1981 to 1993 before becoming Chief Executive of the UK and Scandinavian operations of Compass Group plc, a post he held until 2000. He is currently a non-executive director of Wates Group Limited, Care UK PLC, Punch Taverns PLC and Kew Green Hotels Limited, as well as a number of private companies. Friedrich Ternofsky became a Director of the Company on 26 July 2004.

Mary Anne Cordeiro (47) MA
Mary Anne Cordeiro worked at Goldman Sachs International Limited, first in the mergers and acquisitions department and subsequently in the Financial Institutions Group from 1986 to 1992. She worked in similar roles in Bankers Trust Company and Paribas, and was also co-head of Paribas' Financial Institutions Group, before leaving to found her own business in the insurance sector in 1998. More recently she has applied her financial and strategy expertise to the commercialisation of science and technology, and advises a range of early-stage businesses. Mary Anne Cordeiro became a Director of the Company on 26 July 2004.

John Kerr (66) ACMA
John Kerr has worked as a venture capitalist and also in manufacturing and service industries. He held a number of finance and general management posts in the UK and USA, before joining SUMIT Equity Ventures, an independent Midlands based venture capital company, where he was managing director from 1985 to 1992. He then became chief executive of Price & Pierce Limited, which acted as the UK agent for overseas producers of forestry products, before leaving in 1997 to become finance director of Ambion Brick, a building material company bought out from Ibstock PLC. After retiring in 2002, he now works as a consultant. He is a non-executive director of Close Brothers Venture Capital Trust PLC, a VCT which is also managed by Close Ventures Limited. John Kerr became a Director of the Company on 26 July 2004.

Patrick Reeve (48) MA, ACA
Patrick Reeve qualified as a chartered accountant with Deloitte Haskins & Sells before joining Cazenove & Co where he spent three years in the corporate finance department. He joined Close Brothers Group plc in 1989, initially in the development capital subsidiary, where he was a director specialising in the financing of smaller unquoted companies. He joined the corporate finance division in 1991, where he was also a director. He established Close Ventures Limited with the launch of Close Brothers Venture Capital Trust PLC in the spring of 1996. He is a director of Close Technology & General VCT PLC, Close Brothers Protected VCT PLC, Close Income & Growth VCT PLC and Close Enterprise VCT PLC (all VCTs managed by Close Ventures Limited). He is also a director of Healthcare & Leisure Property Fund PLC, for whom Close Ventures Limited acts as an investment adviser. Patrick Reeve became a Director of the Company on 10 June 2004.

David Watkins (64) MBA (Harvard)
From 1972 until 1991, David Watkins worked for Goldman Sachs, where he was head of Euromarkets Syndication and Head of European Real Estate. He subsequently joined Mountleigh Group PLC where he worked as a director on the restructuring of the business prior to the Group being placed into administration. Until late 1995, he worked at Baring Securities Limited as Head of Equity Capital Markets – London, before leaving ultimately to become Chief Financial Officer and one of the principal shareholders of his current company, The Distinguished Programs Group LLC, an insurance distribution and underwriting group. From 1986 to 1990 he was a member of the Council of the London Stock Exchange. He is currently chairman of Close Brothers Venture Capital Trust PLC, a VCT which is also managed by Close Ventures Limited, and is a director of a number of private UK companies. David Watkins became a Director of the Company on 26 July 2004.

The Manager

Close Ventures Limited, is authorised and regulated by the Financial Services Authority and is the Manager of Close Income & Growth VCT PLC. In addition to Close Income & Growth VCT PLC, it manages a further six venture capital trusts, and currently has total funds under management of approximately £220 million.

The Manager's ultimate parent company is Close Brothers Group plc, an independent merchant banking group incorporated in England and Wales and listed on the London Stock Exchange.

The following are specifically responsible for the management and administration of the Venture Capital Trusts managed by Close Ventures Limited, including Close Income & Growth VCT PLC.

Patrick Reeve, (48), MA, ACA, details included in the Board of Directors section.

Isabel Dolan, (43), BSc (Hons), ACA, MBA, is Operations Director of Close Ventures Limited having previously been Finance Director for a number of unquoted companies. From 1993-1997 she was Head of Recoveries at the Specialised Lending Services of the Royal Bank of Scotland plc and from 1997-2001 she was at 3i plc, latterly as a Portfolio Director. She joined Close Ventures Limited in 2005.

Dr Andrew Elder, (38), MA, FRCS, after qualifying as a surgeon he practised for six years, specialising in neurosurgery before joining the Boston Consulting Company as a consultant in 2001, specialising in healthcare strategy. He joined Close Ventures Limited in 2005.

Will Fraser-Allen, (38), BA (Hons), ACA, is Deputy Managing Director of Close Ventures Limited, having qualified as a chartered accountant with Cooper Lancaster Brewers in 1996 before specialising in corporate finance and investigation. He joined Close Ventures Limited in 2001.

Emil Gigov, (38), BA (Hons), ACA, qualified as a chartered accountant with KPMG in 1997 and subsequently worked in KPMG's corporate finance division working on the media, marketing and leisure sectors. He joined Close Ventures Limited in 2000.

David Gudgin, (35), BSc (Hons), ACMA, after working for ICL from 1993 to 1999 where he qualified as an accountant, he joined 3i plc as an investment manager based in London and Amsterdam. In 2002 he joined Foursome Investments, responsible for investing an evergreen fund of US$80 million, before joining Close Ventures Limited in 2005.

Michael Kaplan, (32), BA, MBA, after graduating from the University of Washington in 1999 with a BA in International Finance, he joined Marakon Associates as an Analyst. In 2000, he became the Chief Financial Officer of Widevine Technologies, a security software company based in Seattle. After graduating with an MBA from INSEAD, in 2004 he joined the Boston Consulting Company focusing on the retail and financial services industries. He joined Close Ventures Limited in 2007.

Ed Lascelles, (32), BA (Hons), joined the corporate broking department of Charterhouse Securities in 1998 focusing on primary and secondary equity fundraisings. He then moved to the corporate finance department of ING Barings in 2000, retaining his focus on smaller UK companies. He joined Close Ventures Limited in 2004.

Henry Stanford, (43), MA, ACA, qualified as a chartered accountant with Arthur Andersen before joining the corporate finance division of Close Brothers Group plc in 1992. He transferred to Close Ventures Limited in 1998 to concentrate on VCT investment.

Robert Whitby-Smith, (33), BA (Hons), MSI, ACA, qualified as a chartered accountant with KPMG in their corporate finance division. From 2000 to early 2005 he worked in the UK corporate finance departments of Credit Suisse First Boston and subsequently ING Barings, where he was a vice president. He joined Close Ventures Limited in 2005.

Marco Yu (31), MPhil, MA, MRICS, qualified as a chartered surveyor in 2004. From 2002 to 2005, he worked at Bouygues (UK), developing cost management systems for PFI schemes, before moving to EC Harris in 2005, where he advised senior lenders on large capital projects. He joined Close Ventures Limited in 2007.

Portfolio of investments

The following list is a summary of qualifying fixed asset investments as at 30 September 2008:

			As at 30 September 2008		As at 30 September 2007		
Investee Company	Nature of business	% voting rights	Investment to date at cost £'000	Total carrying/ fair value £'000	Investment to date at cost £'000	Total carrying/ fair value £'000	Appreciation/ (depreciation) in the year £'000*
Asset-based unquoted investments							
The Weybridge Club Limited	Owner and operator of a freehold health and fitness club in Weybridge, Surrey	18.5%	3,000	2,901	3,000	3,145	(244)
Kensington Health Clubs Limited	Operator of a health and fitness club in West London	8.3%	2,003	1,719	2,000	2,030	(311)
Clear Pub Company VCT Limited	Freehold pub owner and operator	16.9%	1,736	1,434	1,640	1,693	(355)
Tower Bridge Health Clubs Limited	Operator of a health and fitness club in central London	17.2%	1,375	1,401	1,375	1,591	(190)
Bravo Inns II Limited	Freehold pub owner and operator	24.3%	1,000	997	1,000	1,000	(3)
Bravo Inns Limited	Freehold pub owner and operator	12.7%	1,130	812	1,000	1,002	(320)
CS (Brixton) Limited	Cinema owner and operator	16.7%	650	719	650	691	28
The Charnwood Pub Company Limited	Freehold pub owner and operator	15.7%	610	556	610	455	101
The Dunedin Pub Company VCT Limited	Freehold pub owner and operator	15.4%	770	533	770	660	(127)
Premier Leisure (Suffolk) Limited	Freehold cinema owner	12.3%	1,000	462	1,000	779	(317)
GB Pub Company VCT Limited	Freehold pub owner and operator	16.6%	763	460	675	559	(187)
Novello Pub Limited	Freehold pub owner and operator	16.5%	466	284	466	312	(28)
Riverbourne Health Club Limited	Operator of a health and fitness club in Chertsey, Surrey	14.0%	280	265	280	287	(22)
CS (Norwich) Limited	Cinema owner and operator	20.0%	320	248	320	320	(72)
CS (Exeter) Limited	Cinema owner and operator	16.6%	250	194	250	268	(74)
Pelican Inn Limited	Company formed to own and operate freehold pubs	6.3%	2	2	186	123	(1)
Total asset-based unquoted investments			**15,355**	**12,987**	**15,222**	**14,915**	**(2,122)**

*As adjusted for additions and disposals between the two accounting periods

Portfolio of investments (continued)

Investee Company	Nature of business	% voting rights	As at 30 September 2008 Investment to date at cost £'000	As at 30 September 2008 Total carrying/ fair value £'000	As at 30 September 2007 Investment to date at cost £'000	As at 30 September 2007 Total carrying/ fair value £'000	Appreciation/ (depreciation) in the year* £'000
High growth unquoted investments							
Evolutions Television Limited	Provider of TV post production services	14.9%	2,172	2,283	2,170	2,265	18
Chichester Holdings Limited	Drinks distributor to the travel sector	15.2%	1,699	1,900	1,699	1,739	161
Blackbay Limited	Provider of mobile data solutions for the logistics and field service sectors	14.1%	1,650	1,795	1,500	1,608	37
Xceleron Limited	Provider of a range of drug development services to the life-sciences industries	21.7%	1,625	1,367	1,625	2,268	(901)
Dexela Limited	Developer of medical imaging technology for early detection of breast cancer	8.2%	565	583	400	400	18
RFI Global Services Limited	Provider of conformance testing to the cellular, wireless and smart card industries	7.1%	950	570	950	474	96
Oxsensis Limited	Developer and producer of industrial sensors used in super-high temperature environment	6.2%	570	570	570	570	–
Rostima Limited	Provider of workforce management solutions	10.5%	726	569	570	580	(167)
Lowcosttravelgroup Limited	Online travel business	5.9%	560	498	560	598	(100)
Helveta Limited	Provider of software solutions, traceability and inventory analysis to the timber industry	8.3%	584	476	430	314	9
Point 35 Microstructures Limited	Refurbisher of semi-conductor fabrication equipment	7.6%	572	385	572	572	(187)
Process Systems Enterprise Limited	Provider of process modelling solutions	3.2%	440	382	440	440	(58)
Opta Sports Data Limited	Compiler of sports performance data	2.9%	290	302	–	–	–
Mi-Pay Limited	Provider of mobile payment services	4.7%	430	244	–	–	–
Resorthoppa Limited	Global airport transfer service	21.4%	1,000	215	1,000	1,000	(785)
Red-M Group Limited	Service and software provider	2.7%	654	191	467	155	(150)

Portfolio of investments (continued)

Investee Company	Nature of business	% voting rights	As at 30 September 2008 Investment to date at cost £'000	Total carrying/ fair value £'000	As at 30 September 2007 Investment to date at cost £'000	Total carrying/ fair value £'000	Appreciation/ (depreciation) in the year* £'000
High growth investments (continued)							
Vibrant Energy Surveys Limited	Surveyor of energy performance in buildings	1.2%	135	121	–	–	–
Palm Tree Technology Limited	Software company	1.3%	235	118	235	250	(132)
Prime Care Holdings Limited	Provider of domiciliary care services	2.7%	110	110	–	–	–
Total high growth investments			**14,967**	**12,679**	**13,188**	**13,233**	**(2,141)**
Total qualifying fixed asset investments			**30,322**	**25,666**	**28,410**	**28,148**	**(4,263)**

*As adjusted for additions and disposals between the two accounting periods

Non-qualifying investments	As at 30 September 2008 Investment to date at cost £'000	Total carrying/ fair value £'000	As at 30 September 2007 Investment to date at cost £'000	Total carrying/ fair value £'000	Depreciation in the year £'000
Current asset investment					
Rabobank Floating Rate Note 29/07/2010	**5,000**	**4,974**	**5,000**	**4,990**	**(16)**

Portfolio companies

The top ten qualifying investments by total aggregate value of equity and loan stock are as follows (unquoted loan stock held by the following investments is classified as loans and receivables in accordance with FRS 26 and is carried at amortised cost using the effective interest rate).

The Weybridge Club Limited

The company bought a 30 acre freehold site near the centre of Weybridge, Surrey, which it developed into a premium health and fitness club. The club opened in May 2007 and membership is currently building up well.

Latest audited results – year to 31 August 2007

As a small company, The Weybridge Club only files and publishes abbreviated reports to Companies House.

	£'000
Net assets	1,561
Basis of equity valuation:	Net asset value supported by third party valuation
Website:	www.theweybridgeclub.com

Investment at value

	£'000
Equity	582
Loan stock	2,319
Voting rights	18.5 per cent.

Other funds managed by Close Ventures Limited have invested in this company and have a combined equity holding of 50.0 per cent.

Evolutions Television Limited

The company is a television post production business providing post production services, including video and sound editing and automation, to a broad range of production companies. It operates from a freehold building in Oxford Street, London and three leasehold premises nearby. In 2007 it was voted "Television Post Production Company of the Year".

Latest audited results – Year to 30 June 2008

	£'000
Turnover	9,821
Profit before interest	704
Net assets	1,328
Basis of equity valuation:	Earnings multiple
Website:	www.evolutions.tv

Investment at value

	£'000
Equity	186
Loan Stock	2,097
Voting rights	14.9 per cent.

Other funds managed by Close Ventures Limited have invested in this company and have a combined equity holding of 50.0 per cent.

Portfolio companies (continued)

Chichester Holdings Limited

The company is a distributor of beverages to airline, cruise and other travel industry customers.

Latest audited results – year to 30 June 2007

	£'000
Turnover	789
Profit before interest	763
Net assets	5,196
Basis of equity valuation:	Earnings multiple
Website:	www.compass-group.co.uk

Investment at value

	£'000
Equity	519
Loan stock	1,381
Voting rights	15.2 per cent.

Other funds managed by Close Ventures Limited have invested in this company and have a combined equity holding of 50.0 per cent.

Blackbay Limited

The company provides mobile solutions for the logistics and field service sectors.

Latest audited results – year to 31 December 2007

	£'000
Net liabilities after deduction of VCT loan stock	(780)
Basis of equity valuation:	Forward earnings multiple
Website:	www.blackbay.com

Investment at value

	£'000
Equity	493
Loan stock	1,302
Voting rights	14.1 per cent.

Other funds managed by Close Ventures Limited have invested in this company and have a combined equity holding of 32.9 per cent.

Kensington Health Clubs Limited

This company has developed a 29,000 square foot health and fitness club on a 999 year lease in West London which opened in December 2007. The most recent membership numbers are approximately 2,060 members.

Latest audited results:
As a new company, Kensington Health Clubs Limited has not yet filed statutory accounts.

	£'000
Basis of equity valuation:	Net asset value supported by third party valuation
Website:	www.thirtysevendegrees.co.uk

Investment at value

	£'000
Equity	347
Loan stock	1,372
Voting rights	8.3 per cent.

Other funds managed by Close Ventures Limited have invested in this company and have a combined equity holding of 50.0 per cent.

Portfolio companies (continued)

Clear Pub Company VCT Limited

The company was formed to acquire and manage public houses in and around Northamptonshire. The company has purchased and operates six units. The decrease in the valuation reflects the current fall in asset values in this sector generally.

Latest audited results – year to 30 September 2007

	£'000
Turnover	1,014
Loss before interest	(324)
Net assets	919
Basis of equity valuation:	Net asset value supported by third party valuation
Website:	www.clearpubcompany.t83.net

Investment at value

	£'000
Equity	186
Loan stock	1,248
Voting rights	16.9 per cent.

Other funds managed by Close Ventures Limited have invested in this company and have a combined equity holding of 50.0 per cent.

Tower Bridge Health Clubs Limited

The company has developed and operates a health and fitness club in the More London development in central London. The most recent membership numbers are approximately 2,950 members.

Management accounts – year to 30 September 2008

	£'000
Net assets	27
Net assets before VCT loan stock	2,061
Basis of equity valuation:	Net asset value supported by third party valuation
Website:	www.thirtysevendegrees.co.uk

Investment at value

	£'000
Equity	323
Loan stock	1,078
Voting rights	17.2 per cent.

Other funds managed by Close Ventures Limited have invested in this company and have a combined equity holding of 50.0 per cent.

Xceleron Limited

The company is a provider of drug development services to the life-science industries.

Latest audited results – year to 31 July 2007

	£'000
Turnover	4,828
Profit before interest	170
Net assets	2,589
Basis of equity valuation:	Cost reviewed for impairment
Website:	www.xceleron.com

Investment at value

	£'000
Equity	1,004
Loan stock	363
Voting rights	21.7 per cent.

Other funds managed by Close Ventures Limited have invested in this company and have a combined equity holding of 45.1 per cent.

Portfolio companies (continued)

Bravo Inns II Limited

The company was formed in September 2007 and has acquired seven freehold pubs in the North of England. The Company is managed by the team which recently successfully exited from The Bold Pub Company Limited.

Latest audited results:
As a new company, Bravo Inns II Limited has not yet filed statutory accounts.

Basis of equity valuation: Net asset value supported by third party valuation

Investment at value

	£'000
Equity	330
Loan stock	667
Voting rights	24.3 per cent.

Other funds managed by Close Ventures Limited have invested in this company and have a combined equity holding of 50.0 per cent.

Bravo Inns Limited

The company was formed in May 2007 and currently owns seven freehold pubs in and around Bolton. Refurbishment of these sites is in progress, and the decrease in valuation reflects the current fall in asset values in this sector generally. The Company is managed by the team which recently successfully exited from The Bold Pub Company Limited.

Latest audited results:
As a new company, Bravo Inns Limited has not yet filed statutory accounts.

Basis of equity valuation: Net asset value supported by third party valuation

Investment at value

	£'000
Equity	46
Loan stock	766
Voting rights	12.7 per cent.

Other funds managed by Close Ventures Limited have invested in this company and have a combined equity holding of 50.0 per cent.

Net assets of investee companies where a recent third party valuation has taken place, may have a higher valuation in Close Income and Growth VCT PLC accounts than in their own. These are where the investee company does not have a policy of revaluing their fixed assets.

Directors' report and business review

The Directors submit their Annual Report and the audited Financial Statements of Close Income & Growth VCT PLC (the "Company") for the year ended 30 September 2008.

BUSINESS REVIEW

Principal activity and status

The principal activity of the Company is that of a Venture Capital Trust. It was approved by H.M. Revenue & Customs (HMRC) as a Venture Capital Trust in accordance with Part 6 of the Income Taxes Act 2007 and in the opinion of the Directors, the Company has conducted its affairs so as to enable it to continue to obtain such approval. Approval for the year ended 30 September 2008 is subject to review should there be any subsequent enquiry under corporation tax self assessment.

The Company is not a close company for taxation purposes.

The Company is an investment company as defined in Section 266 of the Companies Act 1985 and is listed on The London Stock Exchange.

Under current tax legislation, shares in the Company provide tax-free capital growth and income distribution, in addition to the tax relief some investors would have obtained when they invested at the time of the initial fundraising.

Capital structure

Details of the authorised and issued share capital, including the movements in the Company's issued share capital during the year are shown in note 16.

The Company's share capital comprises Ordinary shares only. The shares are designed for individuals who seek to protect the capital value of their investment whilst still providing an attractive level of return. Ordinary shares represent 100 per cent. of the total share capital and voting rights. All shares rank pari passu for dividend and voting purposes. Each Ordinary share is currently entitled to one vote. The Directors are not aware of any restrictions on the transfer of shares or on voting rights.

Dividend Reinvestment Scheme

The Company is introducing a Dividend Reinvestment Scheme whereby shareholders may elect to reinvest the whole of the dividend, which is expected to be paid on 2 February 2009, and future dividends, by subscribing for New Ordinary Shares. Benefits to individual shareholders arising on participating in the Dividend Reinvestment Scheme include:

- income tax relief on the reinvestment at the rate of 30 per cent. (VCT investments cannot exceed £200,000 in one tax year to be able to obtain this relief, and new shares need to be held for at least five years);
- any gains arising on disposal of shares in a VCT will be exempt from tax (any loss will not be an allowable capital loss); and
- any future dividends on the new shares are not subject to income tax.

Enclosed with this Annual Report and Financial Statements, is a circular dated 22 December 2008, 'Introduction of a Dividend Reinvestment Scheme', that details the mechanics of this Scheme.

Investment policy

The Company's investment strategy is to provide investors with a regular and predictable source of income combined with the prospect of long term capital growth through allowing investors the opportunity to participate in a balanced portfolio of high growth businesses, and lower risk asset-based companies. It is intended that, in time, the Company's investment portfolio will be split approximately as follows:

- 45 per cent. to be invested in higher growth unquoted businesses, including early stage technology;
- 45 per cent. to be invested in unquoted asset-based businesses in the leisure sector; and
- 10 per cent. to be held in floating rate securities, cash deposits and gilts with a Moody's credit rating of at least A.

In neither of the first two categories listed above, would investee companies normally have any external borrowing with a charge ranking ahead of the VCT. Up to two thirds of qualifying assets by cost will comprise loan stock secured with a first charge on the investee company's assets.

Venture Capital Trust status

In addition to the investment strategy described above, the HMRC rules drive the Company's investment allocation and risk diversification policies. In order to maintain status under Venture Capital Trust legislation, the following tests must be met:

(1) the Company's income must be derived wholly or mainly from shares and securities;

(2) at least 70 per cent. of the HMRC value of its investments must have been represented throughout the year by shares or securities that are classified as 'qualifying holdings';

(3) at least 30 per cent. by HMRC value of its total qualifying holdings must have been represented throughout the year by holdings of 'eligible shares';

(4) at no time during the year must the Company's holdings in any one company (other than another VCT) have exceeded 15 per cent. by HMRC value of its investments;

(5) the Company must not have retained greater than 15 per cent. of its income earned in the year from shares and securities;

(6) eligible shares must comprise at least 10 per cent. by HMRC value of the total of the shares and securities that the Company holds in any one investee company; and

(7) the Company's shares, throughout the year, must have been listed in the Official List of the London Stock Exchange.

These tests drive a spread of investment risk through disallowing holdings of more than 15 per cent. in one investee company. The tests have been carried out and independently reviewed for the year ended 30 September 2008. The Company has complied with all tests and continues to do so.

'Qualifying holdings', for Close Income & Growth VCT PLC include shares or securities (including loans with a five year or greater maturity period) in companies which operate a 'qualifying trade' wholly or mainly in the United Kingdom. 'Qualifying trade' excludes, amongst other sectors, dealing in property or shares and securities, insurance, banking and agriculture. Details of the sectors in which the Company is invested in can be found in the pie chart on page 8 of the Manager's report.

Investee company gross assets must not exceed £15 million immediately prior to the investment and £16 million immediately thereafter and there is an annual investment limit of £1 million in each company.

Gearing

As defined under the Articles of Association, the Company's maximum exposure in relation to gearing is restricted to 10 per cent. of the adjusted share capital and reserves of the audited balance sheet. As at 30 September 2008, the Company's maximum exposure was £3,403,000 (2007: £4,099,000) and its actual short term and long term gearing at this date was £nil (2007: £46,000). The Directors do not currently have any intention to utilise long-term gearing.

Current portfolio sector allocation

The pie chart on page 8 of the Manager's report graphically represents the split of the portfolio valuation by industrial or commercial sector as at 30 September 2008. Asset-based investments now represent 50.6 per cent. of the carrying value of the portfolio excluding cash and cash equivalents. (2007: 50.91 per cent.).

Details of the principal investments held by the Company are shown in the Portfolio of investments section on page 11.

Review of business and future changes

A detailed review of the Company's business during the year and future prospects is contained in the Chairman's statement on page 6. Details of significant events which occurred since the end of the financial year are listed in note 21 and details of related party transactions are shown in note 23.

The Directors do not foresee any major changes in the activity undertaken by the Company in the current year. The Company continues with its objective to invest in unquoted companies throughout the United Kingdom with a view to providing both capital growth and a reliable dividend income to shareholders over the long term.

Operational arrangements

The Company has delegated the investment management of the portfolio to Close Ventures Limited, a subsidiary of Close Brothers Group plc, which is authorised and regulated by the Financial Services Authority. Close Ventures Limited also provides company secretarial and other accounting and administrative support to the Company. Further details regarding the terms of engagement of the Manager are shown on page 22.

Results and dividends

	£'000
Net revenue return for the year ended 30 September 2008	1,744
Revenue dividend of 1.75 pence per share paid on 25 January 2008	(789)
Revenue dividend of 1.75 pence per share paid on 4 July 2008	(775)
Transferred to revenue reserves	180
Transferred to capital reserves	(5,161)
Net assets as at 30 September 2008	34,026
Net asset value per share as at 30 September 2008	79.73p

The Company paid dividends of 3.50 pence per share (2007: 3.45 pence) during the year ended 30 September 2008.

As described in the Chairman's statement, the Board has declared a first dividend of 1.75 pence per share (to be paid out of revenue profits). This dividend will be paid on 2 February 2009 to shareholders on the register as at 5 January 2009.

Directors' report and business review (continued)

As shown in the Company's Income statement on page 33 of the financial statements, the investment income has decreased to £2,491,000 (2007: £2,786,000) as a result of a reduction in floating rate note interest following new investment, and the suspension of loan stock interest on some investments which are taking longer to reach maturity than originally expected. The revenue return to equity holders has increased to £1,744,000 (2007: £1,643,000) or 3.94 pence per share (2007: 3.63 pence per share), due to the recognition of recoverable VAT as detailed in the Chairman's statement on page 6, and a reduction in the tax charge as a result of consortium relief claims.

The capital return for the year was a loss of £5,161,000 (2007: loss of £1,561,000), primarily as a result of unrealised losses on the devaluation of investments and the capitalisation of management fees, offset partially by the capitalised recoverable VAT.

The total return per share was a loss of 7.72 pence per share (2007: gain of 0.18 pence per share).

The Balance sheet on page 34 of the financial statements shows that the net asset value per share has decreased over the last year to 79.73 pence per share (2007: 90.72 pence per share), reflecting the devaluation of investments and the payment of dividends of 3.50 pence per share during the year.

The cash flow for the business has been an inflow of £2,076,000 for the year (2007: outflow £2,174,000), reflecting the proceeds of disposal of investments which have exceeded dividend payments and the purchase of shares for cancellation and for Treasury.

Key Performance Indicators

The graph on page 4 shows Close Income & Growth VCT PLC's net asset value total return growth against the FTSE All-Share Index total return growth, in both instances with dividends reinvested, since first allotment (following the deduction of issue costs). Details on the performance of the net asset value and return per share for the year are shown on page 19.

The total expense ratio for the year to 30 September 2008 was 2.27 per cent. (2007: 3.46 per cent.). This reduction results from the recognition of recoverable VAT due on historic management fees.

The Company operates a policy of buying back shares either for cancellation or for holding in Treasury. Details regarding the current policy can be found on page 7 of the Chairman's statement.

The Company continues to comply with HMRC rules in order to maintain its status under Venture Capital Trust legislation as highlighted on page 18.

In the Directors' view, there are no other non-financial performance indicators materially relevant to the business.

Principal risks and uncertainties

In addition to the current economic risks outlined in the Chairman's statement, the Board considers that the Company faces the following major risks and uncertainties:

1. *Investment risk*

   This is the risk of investment in poor quality assets which reduce the capital and income returns to shareholders, and negatively impacts on the Company's reputation. By nature, smaller unquoted businesses, such as those that qualify for venture capital trust purposes are more fragile than larger, long established businesses.

   To reduce this risk, the Board places reliance upon the skills and expertise of the Manager and their strong track record for investing in this segment of the market. The Company's policy is to lower investment risk by investing part of the portfolio in asset-based businesses and taking a first charge over the relevant assets. In addition, the Manager operates a formal and structured investment process, which includes an Investment Committee, comprising investment professionals from the Manager and senior investment personnel from within the Close Brothers Group plc. Investments are actively and regularly monitored by the Manager (investment managers normally sit on investee company boards) and the Board receives detailed reports on each investment as part of the Manager's report at quarterly Board meetings.

2. *Venture Capital Trust approval risk*

   The current approval as a venture capital trust allows investors to take advantage of tax reliefs on initial investment and ongoing tax free capital gains and dividend income. Failure to meet the qualifying requirements could result in investors losing the tax relief on initial investment and loss of tax relief on any tax free income or capital gains received. In addition, failure to meet the qualifying requirements could result in a loss of listing of the shares.

   To reduce this risk, the Board has appointed the Manager, who has significant experience in venture capital trust management, and is used to operating within the requirements of the venture capital trust legislation. In addition, to provide further formal reassurance, the Board has appointed PricewaterhouseCoopers LLP as its taxation advisors. PricewaterhouseCoopers LLP report quarterly to the Board to independently confirm compliance with the venture capital trust legislation, to highlight areas of risk and to inform on changes in legislation.

3. *Compliance risk*
The Company is listed on The London Stock Exchange and is required to comply with the rules of the UK Listing Authority, as well as with the Companies Act, Accounting Standards and other legislation. Failure to comply with these regulations could result in a delisting of the Company's shares, or other penalties under the Companies Act or from financial reporting oversight bodies.

Board members and the Manager have considerable experience within these compliance areas. In addition, the Board and the Manager receive regular updates on new regulation from the Company's auditors, lawyers and other professional bodies.

4. *Internal control risk*
Failures in key controls, within the Board or within the Manager's business, could put assets of the Company at risk or result in reduced or inaccurate information being passed to the Board or to shareholders.

The Audit Committee meets with the Head of Internal Audit from Close Brothers Group plc at least once per accounting period, receiving a report regarding the last formal internal audit performed on the Manager, and providing the opportunity for the Audit Committee to ask specific and detailed questions. The Manager has a comprehensive business continuity plan in place in the event that operational continuity is threatened. Further details regarding the Board's management and review of the Company's internal controls through the implementation of the Turnbull guidance are detailed on page 28.

Measures are in place to mitigate information risk in order to ensure the integrity, availability and confidentiality of information used within the business.

5. *Reliance upon third parties risk*
The Company is reliant upon the services of Close Ventures Limited for the provision of investment management and administrative functions. There are provisions within the Management Agreement for the change of Manager under certain circumstances (for more detail, see the Management Agreement paragraph on page 22). In addition, the Manager has demonstrated to the Board that there is no undue reliance placed upon any one individual within the Manager's team, or its parent company Close Brothers Group plc.

6. *Financial risks*
By its nature, as a venture capital trust, the Company is exposed to investment risk (which comprises investment price risk and cash flow interest rate risk), credit risk and liquidity risk. The Company's policies for managing these risks and its financial instruments are outlined in full in note 20 to these financial statements.

All of the Company's income and expenditure is denominated in sterling and hence the Company has no foreign currency risk. The Company is financed through equity and does not have any borrowings. The Company does not use derivative financial instruments.

Environment
The management and administration of Close Income & Growth VCT PLC is undertaken by the Manager. Close Ventures Limited recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by its activities. Initiatives designed to minimise the Company's impact on the environment include recycling and reducing energy consumption as shown in the financial statements of Close Ventures Limited.

Employees
The Company is managed by Close Ventures Limited and hence has no employees other than its Directors.

Directors
The Directors who held office throughout the year, and their interests in the shares of the Company (including their connected persons and beneficial interests) as at 30 September 2008 were:

	Shares held as at 30 September 2008	**Shares held as at 30 September 2007**
Friedrich Ternofsky	10,000	10,000
Mary Anne Cordeiro	4,000	4,000
John Kerr	6,000	6,000
David Watkins	5,000	5,000
Patrick Reeve	200,000	200,000

There have been no changes in the holdings of the Directors between 30 September 2008 and the date of this Report.

No Director has a service contract with the Company.

Directors' report and business review (continued)

Mr Reeve is a Director of Close Ventures Limited, the Manager, and is deemed to have an interest in the management contract and management performance incentive to which the Company is a party.

All Directors, with the exception of Mr Reeve are members of the Audit Committee, of which Mr Kerr is Chairman.

No options over the share capital, long term incentive or retirement benefits of the Company have been granted to Directors personally, nor does the Company make a contribution to any pension scheme on behalf of the Directors.

Re-election of Directors
Directors' retirement and re-election is subject to the Articles of Association and the Combined Code on Corporate Governance. At the forthcoming Annual General Meeting, Friedrich Ternofsky and Mary Anne Cordeiro, will retire and offer themselves for re-election.

Management agreement
Under the terms of the agreement dated 2 August 2004, the Company and Close Ventures Limited entered into a management agreement which may be terminated by either party on 12 months' notice. The Manager will provide the investment management, company secretarial and administrative services to the Company, for a fee payable quarterly in arrears on 1 January, 1 April, 1 July and 1 October in each year, of an amount equal to 2.50 per cent. of the net asset value of the Company. The management agreement is subject to earlier termination in the event of certain breaches, or on the insolvency of either party.

The Manager is also entitled to an arrangement fee payable by each investee company of approximately 2 per cent. on each investment made, and also to fees payable by investee companies for providing non-executive directors to those companies.

Under the terms of the management agreement, the total management and administration expenses of the Company, inclusive of any net irrecoverable VAT, but not including any Manager's performance incentive fee, are limited to a maximum of 3.50 per cent. of the value of the Company's net assets. Any excess will either be paid by the Manager, or refunded by way of deduction of management fees.

Management Performance Incentive
In order to provide the Manager with an incentive to maximise the return to investors, the Management agreement contains the Manager's incentive fee arrangement.

The target level requires returns to exceed a minimum compound level of 8 per cent. per annum (comprising dividends and net asset value). If the target is achieved the Manager is entitled to 20 per cent. of the excess. For the year to 30 September 2008, no incentive fee became due to the Manager (2007: £nil).

Evaluation of the Manager
The Board, through the Audit Committee has evaluated the remuneration and performance of the Manager based on the returns generated by the Company, the long term prospects of the current investments, a review of the management agreement and the services provided therein, and benchmarking the performance of the management team against its peer group. The Board believes that it is in the interests of shareholders as a whole, and of the Company, to continue the appointment of the Manager's team for the forthcoming year.

Valuation of investments
As described in note 2 of the financial statements, the unquoted equity investments held by the Company are valued at fair value through profit or loss in accordance with the International Private Equity and Venture Capital Valuation Guidelines. These Guidelines set out recommendations, intended to represent current best practice on the valuation of venture capital investments. Unquoted investments are valued on the basis of forward looking estimates and judgements about the business itself, its market and the environment in which it operates, together with the state of the mergers and acquisitions market, stock market conditions and other factors. In making these judgements, the valuation takes into account all known material facts up to the date of approval of the financial statements by the Board. Unquoted loan stock is valued at amortised cost.

Investment and co-investment
The Company co-invests with other venture capital trusts and funds managed by Close Ventures Limited. Allocation of investments is on the basis of an allocation agreement which is based, inter alia, on the ratio of funds available for investment.

Auditors
During the year, the Board, advised by the Audit Committee, decided to put the audit of the Company out to tender. Following a formal selection process which considered experience within the VCT market, depth of expertise within the audit firm and value for money, the Board decided to appoint PKF (UK) LLP as auditors. As a result of this process Deloitte & Touche formally resigned as auditors to the Company.

Directors' report and business review (continued)

A resolution to re-appoint PKF (UK) LLP as the Company's auditors will be proposed at the forthcoming Annual General Meeting.

Substantial interests

As at 30 September 2008 and the date of this report, the Company has not been notified of any substantial interests in excess of 3 per cent. of the issued share capital of the Company.

Supplier payment policy

The Company's policy is to pay all supplier invoices within 30 days of the invoice date, or as otherwise agreed. Creditor days for the year were nil. There were no overdue trade creditors at 30 September 2008 (2007: nil).

Statement of Directors' responsibilities for the preparation of Company financial statements

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 and Disclosure and Transparency Rules of the Financial Services Authority.

Company law and the Disclosure and Transparency Rules require the Directors to prepare financial statements for each financial year. Under these regulations, 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 by law to give a true and fair view of the state of affairs of the Company and of the Income statement of the Company for the year.

The Directors confirm, to the best of their knowledge:

- that the financial statements are prepared in accordance with UK GAAP, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the management report included within the Chairman's statement, Manager's report and Directors' report and business review, includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that they face.

The Directors of the Company as at 22 December 2008 are shown in the Board of Directors section on page 9.

In preparing these financial statements the Directors are required to:

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

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with 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.

Disclosure of information to auditors

In the case of the persons who are Directors of the Company at the date of approval of this report:

- so far as each of the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each of the Directors has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This disclosure is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Annual General Meeting

The Annual General Meeting will be held at 10 Crown Place, London EC2A 4FT at 12.30 p.m. on 9 February 2009. The notice of the Annual General Meeting is at the end of this document.

Directors' report and business review (continued)

The proxy form enclosed with this Annual Report and Financial Statements permits shareholders to disclose votes 'for', 'against', 'withheld' and 'discretionary'. A 'vote withheld' is not a vote in law and will not be counted in the proportion of the votes for and against the resolution.

A summary of proxies lodged at the Annual General Meeting will be published at www.closeventures.co.uk within the 'Our Funds' section by clicking on Close Income & Growth VCT PLC.

Resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting for which shareholder approval is required in order to comply either with the Companies Act or the Listing Rules of the Financial Services Authority.

Power to allot shares

Resolution 7, as an ordinary resolution, will permit the Directors (for a period expiring on 9 August 2010) to allot relevant securities up to a maximum aggregate nominal amount of £2,133,717 being 4,267,434 Ordinary shares of 50 pence each, representing 10 per cent. of the issued Ordinary share capital of the Company (excluding shares held in Treasury) as at 30 September 2008.

The Directors do not currently have any intention to exercise this authority at the present time, with the exception of the Dividend Reinvestment Scheme and reissuing Treasury shares where it is in the Company's interest to do so. The Company currently holds 2,651,993 Treasury shares representing 6.2 per cent. of the total Ordinary share capital in issue (excluding shares held in Treasury) as at the date of this Report.

Dis-application of pre-emption rights

Resolution 8, as a special resolution, will permit the Directors (for a period expiring on 9 August 2010) to make issues of equity securities for cash by way of rights issue or similar pre-emptive offer. In addition, they may issue equity securities for cash on a non pre-emptive basis, provided the shares so issued be limited to shares with a nominal value of £1,066,859 being 2,133,717 shares representing 5 per cent. of the Ordinary share capital in issue (excluding shares held in Treasury) as at the date of this Report.

Purchase of own shares

Resolution 9, as a special resolution, will permit the Directors (until the earlier of 18 months after its passing or the conclusion of the Company's next Annual General Meeting) to buy back shares on the open market to a limit of 6,396,884 in nominal value, representing 14.99 per cent. of the shares in issue (excluding shares held in Treasury) at the date of this Report. The minimum price payable per share will be 50 pence (exclusive of expenses) and the maximum will be the higher of: (a) 105 per cent. of the average of the middle market quotations for an Ordinary share in the Company for five business days prior to the date of purchase (exclusive of expenses); and (b) the amount stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003.

Shares bought back under this authority may be cancelled and up to 10 per cent. can be held in Treasury.

The Board believes that it is helpful for the Company to continue to have the flexibility to buy its own shares and this resolution seeks authority from shareholders to do so.

This resolution would renew the 2007 authority, which was in similar terms. During the financial year under review, the Company purchased 2,497,912 shares of 50 pence each for Treasury at an aggregate consideration of £1,974,000 including stamp duty representing 5.85 per cent. of the issued share capital (excluding shares held in Treasury) of the Company as at 30 September 2008.

The Company also purchased 7,500 shares of 50 pence each for cancellation at an aggregate consideration of £6,000 including stamp duty representing 0.02 per cent. of the issued share capital (excluding shares held in Treasury), as at 30 September 2008 (2007: nil).

Treasury shares

Under the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 (the "Regulations"), shares purchased by the Company out of distributable profits can be held as Treasury shares, which may then be cancelled or sold for cash. The authority sought by resolution 9 is intended to apply equally to shares to be held by the Company as Treasury shares in accordance with the Regulations. These powers are intended to permit Directors to sell Treasury shares at a price not less than that at which they were purchased.

Changes to the Company's Articles of Association

At the Annual General Meeting, special resolution number 10 will be proposed to adopt new Articles of Association (the "**New Articles**") in order to update the Company's existing Articles of Association (the "**Current Articles**") and to implement changes that have been brought into force by the Companies Act 2006.

The principal changes introduced in the New Articles are set out below. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the Companies Act 2006

Directors' report and business review (continued)

have not been noted below. A copy of the New Articles showing all the changes to the Current Articles will be available for inspection at the Company's registered office during normal business hours from the date of the Notice of the Annual General Meeting, until the conclusion of the Annual General Meeting, and at the place of the Annual General Meeting for at least 15 minutes prior to the Annual General Meeting, until its conclusion.

Approach
Provisions in the Company's current articles of association (the "Current Articles") which replicate provisions contained in the Companies Act 2006 (the "Act") are in the main to be removed in the new articles of association (the "New Articles"). This is in line with the approach advocated by the Government that statutory provisions should not be duplicated in a company's constitution. Examples of such provisions include the period of notice required to convene general meetings. The main changes made to reflect this approach are detailed below.

In addition, the opportunity has also been taken to bring clearer language into the New Articles and in some areas to conform the language of the New Articles and to update the Current Articles to reflect market practice. The main changes made to reflect market practice are also detailed below.

Form of resolution
The Current Articles contain a provision that, where for any purpose an ordinary resolution is required, a special or extraordinary resolution is also effective and that, where an extraordinary resolution is required, a special resolution is also effective. This provision has been removed as the concept of extraordinary resolutions has not been retained under the Act.

Convening extraordinary and annual general meetings
The provisions in the Current Articles dealing with the convening of general meetings and the length of notice required to convene general meetings have been removed in the New Articles because the relevant matters are provided for in the Act in particular, a general meeting to consider a special resolution can be convened on 14 days notice (whereas previously 21 days notice was required).

Proxies and votes of members
Under the Act, proxies are entitled to speak and may also vote on a show of hands (whereas under the Current Articles, proxies are not entitled to speak and may only vote on a poll). The time limits for the appointment or termination of appointment, of a proxy have been altered by the Act and this has been reflected in the New Articles such that weekends and bank holidays are excluded when calculating such time limits. Multiple proxies may also now be appointed provided that each proxy is appointed to exercise the rights attached to a different share held by the shareholder.

Electronic and web communications
Provisions of the Act which came into force in January 2007 enable companies to communicate with members by electronic and/or website communications. The Current Articles allow communications to members in electronic form and, permit the Company to take advantage of the new provisions relating to website communications. These provisions have been brought right up to date to reflect the relevant provisions of the Act.

Whilst the Company will be incorporating the new provisions of the Act in relation to electronic and/or website communications, it does not yet intend to communicate with its shareholders via such means. If and at such time as the Company deems appropriate to communicate with shareholders via electronic and/or website communications, it shall write to shareholders.

Directors' indemnities and funding of defence proceedings
The Act has in some areas widened the scope of the powers of a company to indemnify directors and to fund expenditure incurred in connection with certain actions against directors. The existing exemption allowing a company to provide money for the purpose of funding a director's defence in court proceedings now expressly covers regulatory proceedings and applies to associated companies. The New Articles now fully reflect these provisions of the Act.

Recommendation
Your Board believes that the passing of the resolutions above are in the best interests of the Company and its Shareholders as a whole, and unanimously recommend that you vote in favour of all the proposed resolutions as the Directors intend to do in respect of their own beneficial shareholdings.

By Order of the Board

Close Ventures Limited
Company Secretary
10 Crown Place
London EC2A 4FT

22 December 2008

Statement of corporate governance

Background
The Financial Services Authority requires all listed companies to disclose how they have applied the principles and complied with the provisions of the Combined Code issued by the Financial Reporting Council ("FRC") in July 2003 ("the Code") and updated in June 2006.

The Board of Close Income & Growth VCT PLC has also considered the principles and recommendations of the AIC Code of Corporate Governance ("AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies ("AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in Section 1 of the Combined Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to Close Income & Growth VCT PLC.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the Combined Code), will provide better information to shareholders.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of Section 1 of the Combined Code, except as set out below.

Application of the Principles of the Code
The Board attaches importance to matters set out in the Code and applies its principles. However, as a venture capital trust company, most of the Company's day-to-day responsibilities are delegated to third parties and the Directors are all non-executive. Thus, not all the provisions of the Code are directly applicable to the Company.

Board of Directors
The Board consists of non-executive and some independent Directors. Since the Directors are non-executive and day-to-day management responsibilities are sub-contracted to the Manager, the Company does not have a Chief Executive Officer.

Mr Ternofsky is the Chairman and is considered an independent Director. Ms Cordeiro is also considered an independent Director. The Board has decided not to appoint a Senior Independent Director.

Mr Reeve who is Managing Director of Close Ventures Limited, the Manager, is not considered to be an independent Director as he is deemed to have an interest in the management contract and management performance incentive to which the Company is a party.

Mr Watkins and Mr Kerr are directors of Close Brothers Venture Capital Trust PLC; a venture capital trust managed by Close Ventures Limited, the Manager and are therefore also not considered to be independent Directors. Under the Listing Rules, with effect from October 2010 the Company will be required to have an independent Chairman and a majority of independent Directors, where to be independent, a Director cannot serve on the Board of more than one Company managed by the Manager. The Board is keeping this under review and will report on this in future periods.

The Directors have a range of business and financial skills which are considered relevant to the Company; these are described in the Board of Directors section of this Report, on page 9. Directors are provided with key information on the Company's activities, including regulatory and statutory requirements, and internal controls, by the Manager. The Board has direct access to secretarial advice and compliance services provided by the Manager, who is responsible for ensuring that Board procedures are followed and applicable regulations complied with. All Directors are able to take independent professional advice in furtherance of their duties if necessary. In accordance with the Combined Code, the Company has in place Directors' & Officers' Liability Insurance.

The Board met four times during the year ended 30 September 2008 as part of its regular programme of Board meetings. All of the Directors attended each meeting.

The Chairman ensures that all Directors receive in a timely manner all relevant management, regulatory and financial information. The Board receives and considers reports regularly from the Manager and other key advisers and ad hoc reports and information are supplied to the Board as required. The Board has a formal schedule of matters reserved for it and the agreement between the Company and its Manager sets out the matters over which the Manager has authority and limits beyond which Board approval must be sought.

The Manager has authority over the management of the investment portfolio, the organisation of custodian, accounting, secretarial and administrative services. The main issues reserved for the Board include:

- the consideration and approval of future developments or changes to the investment policy, including risk and asset allocation;
- consideration of corporate strategy;
- application of the principles of the Combined Code, corporate governance and internal controls;

Statement of corporate governance (continued)

- review of sub-committee recommendations, including the recommendation to shareholders for the appointment and remuneration of auditors;
- approval of the appropriate dividend to be paid to shareholders;
- the appointment, evaluation, removal and remuneration of the Manager;
- the performance of the Company, including monitoring of the discount of the net asset value and the share price; and
- monitoring shareholder profile and considering shareholder communications.

Committees' and Directors' performance evaluation
Performance of the Board and the Directors is assessed on the following:

- attendance at Board and Committee meetings;
- the contribution made by individual Directors at, and outside of, Board and Committee meetings; and
- completion of a detailed internal assessment process and annual performance evaluation conducted by the Chairman (or in the case of the Chairman's review, by the Chairman of the Audit Committee).

The Board believes that it has the right balance of independence, skills, experience and knowledge for the effective governance of the Company. The Board considers any skills gaps in existence and takes action to remedy this where necessary.

Directors are offered training, both at the time of joining the Board and on other occasions where required.

The Board also undertakes a proper and thorough evaluation of its committees on an annual basis.

As a result of the performance evaluation process, the Directors are considered effective and reflect this strong commitment to the role. On this basis, the remainder of the Board believes it to be in the best interest of the Company to re-appoint Mr Ternofsky and Ms Cordeiro as Directors of the Company at the forthcoming Annual General Meeting and recommends their re-appointment.

Remuneration committee
Since the Company has no executive directors, the detailed Directors' Remuneration disclosure requirements set out in Listing Rules 12.43A (a), 12.43A (b) and 12.43A (c) as they relate to Combined Code Provisions B.1 to B.2, B1.1 to B1.6, and B2.1 to B2.4 are not relevant.

Audit Committee
The Audit Committee consists of all Directors excluding Mr Reeve. Mr Kerr is Chairman of the Audit Committee. In accordance with the Code, the members of the Audit Committee have recent and relevant financial experience. The Committee met twice during the year ended 30 September 2008; all members attended.

Written terms of reference have been constituted for the Audit Committee, these are as follows:

- providing an overview of the Company's accounting policies and financial reporting;
- considering and reviewing the effectiveness of the Company's internal controls and risk management systems;
- monitoring the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgements contained in them;
- meeting the Company's external auditors annually, making recommendations to the Board in relation to the appointment, and reappointment of the external auditors and approving their remuneration and terms of engagement;
- monitoring and reviewing the external auditor's independence and objectivity and the effectiveness of the audit process;
- developing and implementing a policy for the supply of non-audit services by the external auditors;
- meeting external auditors at least once a year without the presence of the Manager;
- meeting with the Head of Internal Audit of Close Brothers Group plc when appropriate;
- ensuring that all Directors of the Company, and staff of companies who provide services to the Manager feel able to raise matters of serious concern with the Chairman of the Audit Committee, and that these issues, where raised, are subject to proportionate and independent investigation, and appropriate action;
- reporting to the Board, identifying any matters in respect of which action or improvement is needed and recommending appropriate steps to be taken; and
- undertaking the duties of the Engagement Committee, and therefore reviewing the performance of the Manager and all matters arising under the Management agreement.

During the year under review, the Committee discharged the responsibilities described above. Its activities included:

- formally reviewing the Annual Report and Financial Statements, the Half-yearly Financial Report, the Interim Management Statements and the associated announcements, with particular focus on the main areas requiring judgment and on critical accounting policies;

Statement of corporate governance (continued)

- reviewing the effectiveness of the internal controls system and examination of the Internal Controls Report produced by the Manager;
- meeting with the Head of Internal Audit of Close Brothers Group plc;
- meeting with the external auditors and reviewing their findings;
- undertaking a tender process for the provision of audit services to the Company, evaluating the tenders, and recommending the appointment of PKF (UK) LLP to the Board with a view to their appointment at the Annual General Meeting; and
- reviewing the performance of the Manager and making recommendations regarding their re-appointment to the Board.

Nomination Committee
A nomination committee has not been formed as there are currently no appointments pending. However, the Board will form a nomination committee should these circumstances change.

It is the policy of the Company, as detailed in the Articles of Association, for one third of the Board of Directors to be re-elected at each Annual General Meeting in rotation.

Internal Control
In accordance with principle C.2 of the Combined Code, the Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This process has been in place throughout the year and continues to be subject to regular review by the Board in accordance with the Internal Control Guidance for Directors in the Combined Code published in September 1999 and updated in 2006 (the "Turnbull guidance"). The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage, rather than eliminate the risks of failure to achieve the Company's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board's monitoring covers all controls, including financial, operational and compliance controls, and risk management. The Board receives each year from the Manager a formal report, which details the steps taken to monitor the areas of risk, including those that are not directly the responsibility of the Manager, and which reports the details of any known internal control failures. Steps are, and continue to be taken to embed the system of internal control and risk management into the operations and culture of the Company and its key suppliers, and to deal with areas of improvement which come to the Manager's and the Board's attention.

The Board has also performed a specific assessment for the purpose of this Annual Report. This assessment considers all significant aspects of internal control arising during the year. The Audit Committee assists the Board in discharging its review responsibilities.

As the Board has delegated the investment management and administration to Close Ventures Limited, a subsidiary of Close Brothers Group plc, the Board feels that it is not necessary to have its own internal audit function. Instead, the Board has continual access to the internal audit department of Close Brothers Group plc, which undertakes periodic examination of the business processes and controls environment at Close Ventures Limited, and ensures that any recommendations to implement improvements in controls are carried out. The internal audit department of Close Brothers Group plc reports formally to the Board on an annual basis. The Board will continue to monitor its system of internal control in order to provide assurance that it operates as intended.

Going concern
After making reasonable enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing the accounts.

Relationships with shareholders
The Company's Annual General Meeting on 9 February 2009 will be used as an opportunity to communicate with investors. The Board, including the Chairman of the Audit Committee, will be available to answer questions at the Annual General Meeting.

At the Annual General Meeting, the level of proxies lodged on each resolution, the balance for and against the resolution, and the number of votes withheld, will be announced after the resolution has been voted on by a show of hands.

The Annual General Meeting will also include a presentation from the Manager on the portfolio and on the Company, and a presentation from an investee company.

Shareholders are able to access the latest information on the Company via the Close Ventures Limited website www.closeventures.co.uk under the "Our Funds" section.

Statement of corporate governance (continued)

Any enquiries relating to shareholdings and share certificates or changes to personal details can be directed to Capita Registrars plc:

Tel: 0871 664 0300
(Calls cost 10p per minute plus network extras)
E-mail: ssd@capitaregistrars.com

Specific enquiries relating to the performance of the Fund should be directed to Close Ventures Limited:

Tel: 0207 422 7830
E-mail: enquiries@closeventures.co.uk

Independent Financial Advisors should direct their enquiries to Close Ventures Limited:

Tel: 08442 579 722
(Calls cost 4p per minute plus network extras)
E-mail: enquiries@closeventures.co.uk

The Company's share buy-back programme operates in the market through brokers. In order to sell shares, as they are quoted on the London Stock Exchange, investors should approach a broker to undertake the sale. Banks may be able to assist shareholders with a referral to a broker within their banking group.

Statement of compliance

With the exception of the requirements to have a Senior Independent Director, a Remuneration Committee and a Nomination Committee, the Directors consider that the Company has complied throughout the year ended 30 September 2008 with all the relevant provisions set out in Section 1 of the Code, and with the AIC Code of Corporate Governance. The Company continues to comply with the Code as at the date of this report.

Directors' remuneration report

Introduction

This report is submitted in accordance with Schedule 7a to the Companies Act 1985. The report also meets the relevant rules of the Listing Rules of the Financial Services Authority and describes how the Board has applied the principles relating to the Director's remuneration. As required by the Act, a resolution to approve the report will be proposed at the Annual General Meeting.

UNAUDITED INFORMATION

Remuneration Committee

Since the Company consists solely of non-executive Directors, a Remuneration Committee is not considered necessary.

Directors' remuneration policy

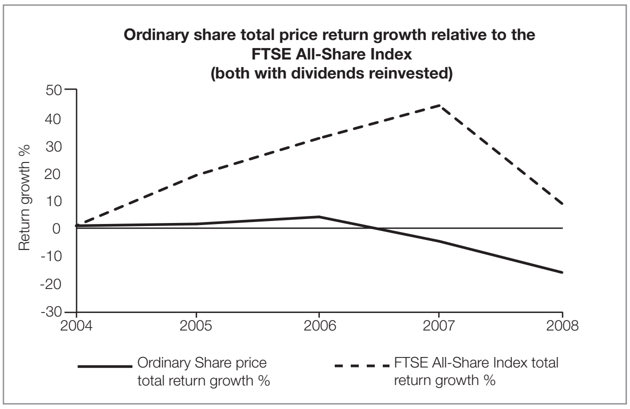
The Company's policy is that fees payable to non-executive Directors should reflect their expertise, responsibilities and time spent on Company matters. In determining the level of non-executive remuneration, market equivalents are considered in comparison to the overall activities and size of the Company.

The maximum aggregate level of non-executive Directors' remuneration is £120,000 per annum which is fixed by the Company's Articles of Association, amendment to this is by way of a special resolution subject to ratification by shareholders.

Performance graph

The graph that follows shows Close Income & Growth VCT PLC's share price total return growth against the FTSE All-Share Index total return growth, in both instances with dividends reinvested. The Directors consider this to be the most appropriate benchmark in the absence of a Venture Capital Trust Index. Investors should however be reminded that shares in VCTs generally trade at a discount to the actual net asset value of the Company.

There are no options, issued or exercisable, in the Company which would distort the graphical representation below.



Source: Close Ventures Limited

Service contracts

None of the Directors has a service contract with the Company.

Directors' remuneration report (continued)

AUDITED INFORMATION

Directors' remuneration

The following items have been audited.

The following table shows an analysis of the remuneration of individual Directors, exclusive of National Insurance or VAT:

	Year ended 30 September 2008 £'000	Year ended 30 September 2007 £'000
Friedrich Ternofsky	21	21
Mary Anne Cordeiro	19	19
John Kerr	19	19
David Watkins	19	19
Patrick Reeve	19	19
	97	97

The Company does not confer any share options, long term incentives or retirement benefits to any Director, nor does it make a contribution to any pension scheme on behalf of the Directors.

Each Director of the Company is remunerated personally, with the exception of Mr Reeve, whose remuneration was paid to Close Ventures Limited.

In addition to Directors' remuneration, the Company pays annual premiums in respect of Directors' & Officers' Liability Insurance of £10,150.

By Order of the Board

Close Ventures Limited
Company Secretary
10 Crown Place
London EC2A 4FT

22 December 2008

Independent auditors' report to the members of Close Income & Growth VCT PLC

We have audited the Financial Statements of Close Income & Growth VCT plc for the year ended 30 September 2008 which comprise the Income statement, the Balance sheet, the Reconciliation of movement 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 Statement of corporate governance reflects the Company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited Financial Statements. The other information comprises only the Chairman's statement, Manager's report, Portfolio of investments, Portfolio companies, Directors' report and business review, the Statement of corporate governance and the unaudited part of the Directors' remuneration report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the 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 2008 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

22 December 2008

Income statement

		Year ended 30 September 2008			Year ended 30 September 2007		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Losses on investments	3	**–**	**(4,868)**	**(4,868)**	–	(923)	(923)
Investment income and deposit interest	4	**2,491**	**–**	**2,491**	2,786	–	2,786
Investment management fees	5	**(273)**	**(819)**	**(1,092)**	(307)	(920)	(1,227)
Recovery of VAT	6	**136**	**407**	**543**	–	–	–
Other expenses	7	**(222)**	**–**	**(222)**	(198)	–	(198)
Return/(loss) on ordinary activities before tax		**2,132**	**(5,280)**	**(3,148)**	2,281	(1,843)	438
Tax (charge)/credit on ordinary activities	9	**(388)**	**119**	**(269)**	(638)	282	(356)
Return/(loss) attributable to shareholders		**1,744**	**(5,161)**	**(3,417)**	1,643	(1,561)	82
Basic and diluted return/(loss) per share (pence) (excluding Treasury shares)	11	**3.94**	**(11.66)**	**(7.72)**	3.63	(3.45)	0.18

The accompanying notes on pages 37 to 49 form an integral part of these Financial Statements.

The total column of this Income statement represents the profit and loss account of the Company. The supplementary revenue and capital columns have been prepared in accordance with the Association of Investment Trust Companies' Statement of Recommended Practice.

All revenue and capital items in the above statement derive from continuing operations.

There are no recognised gains or losses other than the results for the year disclosed above. Accordingly a statement of total recognised gains and losses is not required.

The difference between the reported loss on ordinary activities before tax and the historical profit is due to the fair value movements on investments. As a result a Note on Historical cost profit and losses has not been prepared.

Balance sheet

	Note	30 September 2008 £'000	30 September 2007 £'000
Fixed asset investments			
Qualifying investments	12	**25,666**	29,296
Current assets			
Trade and other debtors	14	**666**	446
Current asset investments	14	**4,974**	9,992
Cash at bank and in hand	18	**3,385**	1,355
Total current assets		**9,025**	11,793
Creditors: amounts falling due within one year	15	**(665)**	(102)
Net current assets		**8,360**	11,691
Net assets		**34,026**	40,987
Capital and reserves			
Called up share capital	16	**22,663**	22,667
Special reserve		**20,142**	20,148
Capital redemption reserve		**18**	14
Realised capital reserve		**(1,695)**	(1,499)
Unrealised capital reserve		**(6,049)**	(1,084)
Own Treasury shares reserve		**(2,111)**	(137)
Revenue reserve		**1,058**	878
Shareholders' funds		**34,026**	40,987
Net asset value per share (pence) (excluding Treasury shares)	17	**79.73**	90.72

The accompanying notes on pages 37 to 49 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors, and authorised for issue on 22 December 2008 and were signed on its behalf by:

Friedrich Ternofsky
Chairman

Reconciliation of movement in shareholders' funds

	Ordinary share capital £'000	Special reserve* £'000	Capital redemption reserve £'000	Realised capital reserve* £'000	Unrealised capital reserve* £'000	Own Treasury share reserve* £'000	Revenue reserve* £'000	Total £'000
As at 1 October 2007	**22,667**	**20,148**	**14**	**(1,499)**	**(1,084)**	**(137)**	**878**	**40,987**
Purchase of own shares for cancellation	**(4)**	**(6)**	**4**	**–**	**–**	**–**	**–**	**(6)**
Purchase of own shares for Treasury (including expenses)	**–**	**–**	**–**	**–**	**–**	**(1,974)**	**–**	**(1,974)**
Capitalised investment management fees	**–**	**–**	**–**	**(819)**	**–**	**–**	**–**	**(819)**
Recovery of VAT	**–**	**–**	**–**	**407**	**–**	**–**	**–**	**407**
Tax on capitalised investment management fees	**–**	**–**	**–**	**119**	**–**	**–**	**–**	**119**
Net realised gains on investments in the year	**–**	**–**	**–**	**97**	**–**	**–**	**–**	**97**
Unrealised losses on investments in the year	**–**	**–**	**–**	**–**	**(4,965)**	**–**	**–**	**(4,965)**
Revenue return attributable to shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**1,744**	**1,744**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**–**	**(1,564)**	**(1,564)**
As at 30 September 2008	**22,663**	**20,142**	**18**	**(1,695)**	**(6,049)**	**(2,111)**	**1,058**	**34,026**

	Ordinary share capital £'000	Special reserve* £'000	Capital redemption reserve £'000	Realised capital reserve* £'000	Unrealised capital reserve* £'000	Own Treasury share reserve* £'000	Revenue reserve* £'000	Total £'000
As at 1 October 2006	22,667	20,148	14	(1,118)	96	–	799	42,606
Purchase of own shares for Treasury (including expenses)	–	–	–	–	–	(137)	–	(137)
Capitalised investment management fees	–	–	–	(920)	–	–	–	(920)
Tax on capitalised investment management fees	–	–	–	282	–	–	–	282
Net realised gains on investments in the year	–	–	–	257	–	–	–	257
Unrealised losses on investment in the year	–	–	–	–	(1,180)	–	–	(1,180)
Revenue return attributable to shareholders	–	–	–	–	–	–	1,643	1,643
Dividends paid	–	–	–	–	–	–	(1,564)	(1,564)
As at 30 September 2007	22,667	20,148	14	(1,499)	(1,084)	(137)	878	40,987

* Included within these reserves is an amount of £11,345,000 (2007: £18,306,000) which is considered distributable. The Special reserve has been treated as distributable in determining the amounts available for distribution.

Cashflow statement

	Note	Year ended 30 September 2008 £'000	Year ended 30 September 2007 £'000
Operating activities			
Loan stock interest received		**1,450**	1,174
Deposit interest received		**568**	1,140
Dividend income received		**31**	–
Other income		**6**	4
Investment management fees paid		**(872)**	(1,543)
Administrative expenses paid		**(173)**	(254)
Net cash inflow from operating activities	19	**1,010**	521
Taxation			
UK corporation tax recovered/(paid)		**77**	(672)
Capital expenditure and financial investments			
Purchase of fixed asset investments	12	**(1,741)**	(16,281)
Disposal of fixed asset investments	12	**1,278**	15,959
Disposal of current asset investments		**4,996**	–
Net cash inflows/(outflows) from investing activities		**4,533**	(322)
Equity dividends paid			
Dividends paid on Ordinary shares	10	**(1,564)**	(1,564)
Net cash inflow/(outflow) before financing		**4,056**	(2,037)
Financing			
Purchase of shares for cancellation		**(6)**	–
Purchase of own shares for Treasury		**(1,974)**	(137)
Net cash (outflows) from financing		**(1,980)**	(137)
Cash inflow/(outflow)in the year	18	**2,076**	(2,174)

Notes to the financial statements

1. Accounting convention

The financial statements have been prepared in accordance with the historical cost convention, modified to include the revaluation of investments, in accordance with applicable United Kingdom law and accounting standards and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies" ("SORP") issued by the Association of Investment Trust Companies ("AITC") in January 2003 and revised in December 2005. Accounting policies have been applied consistently in current and prior years.

2. Accounting policies

Fixed and current asset investments

Unquoted equity investments

In accordance with FRS 26 "Financial Instruments Recognition and Measurement", unquoted equity investments are designated at fair value through profit or loss ("FVTPL"). Unquoted investments' fair value is determined by the Directors in accordance with the International Private Equity and Venture Capital Valuation Guidelines (IPEVCV guidelines).

Fair value movements on equity investments and gains and losses arising on the disposal of investments are reflected in the capital column of the Income statement in accordance with the AITC SORP. Realised gains or losses on the sale of investments will be reflected in the Realised capital reserve and unrealised gains or losses arising from the revaluation of investments are reflected in the Unrealised capital reserve.

Warrants, convertibles and unquoted equity derived instruments

Warrants, convertibles and unquoted equity derived instruments are only valued if their exercise or contractual conversion terms would allow them to be exercised or converted as at the balance sheet date and if there is additional value to the Company in exercising or converting as at the balance sheet date. Otherwise these instruments are held at nil value. The valuation techniques used are those used for the underlying equity investment.

Unquoted loan stock

Unquoted loan stock is classified as loans and receivables in accordance with FRS 26 and carried at amortised cost using the Effective Interest Rate method ("EIR") less impairment. Movements in the amortised cost relating to interest income are reflected in the revenue column of the Income statement, and hence are reflected in the Revenue reserve. Movements in respect of capital provisions are reflected in the capital column of the Income statement and are reflected in the Realised capital reserve following sale, or in the Unrealised capital reserve on revaluation.

Loan stocks which are not impaired or past due are considered fully performing in terms of contractual interest and capital repayments and the Board does not consider that there is a current likelihood of a shortfall on security cover for these assets. For unquoted loan stock, the amount of the impairment is the difference between the asset's cost and the present value of estimated future cash flows, discounted at the effective interest rate.

Floating rate notes

In accordance with FRS 26, floating rate notes are designated as fair value through profit or loss ("FVTPL"). Floating rate notes are valued at market bid price at the balance sheet date. Floating rate notes are classified as current asset investments as they are investments held for the short term and comparative classification in the Balance sheet has been restated accordingly.

Investments are recognised as financial assets on legal completion of the investment contract and are de-recognised on legal completion of the sale of an investment.

Dividend income is not recognised as part of the fair value movement of an investment, but is recognised separately as investment income through the Revenue reserve when a share becomes ex-dividend.

Loan stock accrued interest is recognised in the Balance sheet as part of the carrying value of the loans and receivables at the end of each reporting period.

It is not the Company's policy to exercise control or significant influence over investee companies. Therefore in accordance with the exemptions under FRS 9 "Associates and joint ventures", those undertakings in which the Company holds more than 20 per cent. of the equity are not regarded as associate undertakings.

Investment income

Unquoted equity income

Dividend income is included in revenue when the investment is quoted ex-dividend.

Unquoted loan stock income

The fixed returns on non-equity shares and debt securities are recognised on a time apportionment basis using an effective interest rate over the life of the financial instrument.

Bank interest income

Interest income is recognised on an accruals basis using the rate of interest agreed with the bank.

Floating rate note income

Floating rate note income is recognised on an accruals basis using the interest rate applicable to the floating rate note at that time.

Investment management fees and other expenses

Expenses are charged through the Revenue account except the following which are charged through the Realised capital reserve:

- 75 per cent. of management fees are allocated to the capital account to the extent that these relate to an enhancement in the value of the investments. This is in line with the Board's expectation that over the long term 75 per cent. of the Company's investment returns will be in the form of capital gains; and
- expenses which are incidental to the purchase or disposal of an investment are charged through the Realised capital reserve.

Notes to the financial statements (continued)

2. Accounting policies (continued)

Investment management fees and other expenses (continued)

Under the terms of the Management Agreement, total expenses including management fees and excluding performance fees will not exceed 3.50 per cent. of net asset value at the year end.

Performance incentive fee

In the event that a performance incentive fee crystallises, the fee will be allocated between revenue and realised capital reserves (net of corporation tax) based upon the proportion to which the calculation of fee is attributable to revenue and capital returns.

Taxation

Taxation is applied on a current basis in accordance with FRS 16 "Current tax". Taxation associated with capital expenses is applied in accordance with the SORP. In accordance with FRS 19 "Deferred tax", deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

The specific nature of taxation of venture capital trusts means that it is unlikely that any deferred tax will arise. The Directors have considered the requirements of FRS 19 and do not believe that any provision should be made.

Reserves

Special reserve

The cancellation of the share premium account has created a special reserve that can be used to fund market purchases and subsequent cancellation of own shares, to cover gross realised losses, and for other distributable purposes.

Capital redemption reserve

This reserve accounts for amounts by which the issued share capital is diminished through the repurchase and cancellation of the Company's own shares.

Realised capital reserves

The following are disclosed in this reserve:

- gains and losses compared to cost on the realisation of investments;
- expenses, together with the related taxation effect, charged in accordance with the above policies; and
- capital dividends paid to equity holders.

Unrealised capital reserves

Increases and decreases in the valuation of investments held at the year end are disclosed in this reserve.

Own Treasury shares reserve

This reserve accounts for amounts by which the distributable reserves of the Company are diminished through the repurchase of the Company's own shares for Treasury.

Dividends

In accordance with FRS 21 "Events after the balance sheet date", dividends declared by the Company are accounted for in the period in which the dividend has been paid or approved by shareholders in an Annual General Meeting.

Notes to the financial statements (continued)

3. (Losses) on investments

	Year ended 30 September 2008 £'000	Year ended 30 September 2007 £'000
Unrealised losses on fixed asset investments held at fair value through profit or loss account	(4,553)	(232)
Unrealised impairments on fixed asset investments held at amortised cost	(396)	(940)
Unrealised losses on fixed asset investments	**(4,949)**	**(1,172)**
Unrealised losses on current asset investments held at fair value through profit or loss account	(16)	(8)
Unrealised losses	**(4,965)**	**(1,180)**
Realised gains on fixed asset investments held at fair value through profit or loss account	102	254
Realised (losses)/gains on current asset investments held at fair value through profit or loss account	(5)	3
Realised gains	**97**	**257**
Total	**(4,868)**	**(923)**

Investments valued on amortised cost basis are unquoted loan stock investments.

4. Investment income and deposit interest

	Year ended 30 September 2008 £'000	Year ended 30 September 2007 £'000
Income recognised on investments held at fair value through profit or loss		
Dividend income	62	86
Other income	6	27
Floating rate note interest	335	900
Bank interest	231	218
	634	1,231
Income recognised on investments held at amortised cost		
Return on loan stock investments	1,857	1,555
	2,491	**2,786**

Interest income earned on impaired investments at 30 September 2008 amounted to £4,000 (2007: £2,000). These investments are held at amortised cost.

5. Investment management fees

	Year ended 30 September 2008			Year ended 30 September 2007		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	**273**	**819**	**1,092**	307	920	1,227

Further details of the Management agreement under which the investment management fees is paid are given in the Directors' report and business review on page 22.

Notes to the financial statements (continued)

6. Recovery of VAT

HMRC issued a business briefing on 24 July 2008 which permitted the recovery of historic VAT that had been charged on management fees, and which made these fees exempt from VAT with effect from 1 October 2008.

The Manager, Close Ventures Limited has made a claim for the historic VAT that Close Income & Growth VCT PLC has paid on management fees. On the basis of information provided to the Board, the Directors believe that it is virtually certain that the Company will, in the short term, receive a historic VAT repayment of not less than £543,000 before the deduction of tax.

An amount of £543,000 has been recognised as a separate item in the Income statement, allocated between revenue and capital return in the same proportion as that which the original VAT has been charged. An additional tax charge of £130,000 is payable on this recovery of historic VAT and this is reflected in the tax charge shown in the Income statement.

It is possible that further amounts may be recoverable in due course; however, the Directors are at this stage unable to quantify the amounts involved.

7. Other expenses

	Year ended 30 September 2008 £'000	Year ended 30 September 2007 £'000
Directors' fees (including VAT and NIC)	107	107
Other administrative expenses	73	71
Tax services	19	11
Auditors remuneration for statutory audit services	23	9
	222	**198**

All of the audit fees in the current year relates to PKF (UK) LLP, the current auditors. Full details regarding the change of auditors in the year has been explained in the Directors' report and business review report on page 22.

8. Directors' fees

The amount paid to Directors during the year is as follows:

	Year ended 30 September 2008 £'000	Year ended 30 September 2007 £'000
Directors' fees	97	97
National Insurance and/or VAT	10	10
	107	**107**

Further information regarding Directors' remuneration can be found in the Directors' remuneration report on page 30.

Notes to the financial statements (continued)

9. Tax charge/(credit) on ordinary activities

	Year ended 30 September 2008 Revenue £'000	Capital £'000	Total £'000	Year ended 30 September 2007 Revenue £'000	Capital £'000	Total £'000
UK corporation tax in respect of current year	599	(119)	480	658	(282)	376
UK corporation tax in respect of prior year	(211)	–	(211)	(20)	–	(20)
Total	**388**	**(119)**	**269**	638	(282)	356

The UK government enacted a change in the UK corporation tax rate from 30 per cent. to 28 per cent. with effect from 1 April 2008. The effective rate of tax for the year to 30 September 2008 is 29 per cent. (182 days at 30 per cent. and 183 days at 28 per cent.). The tax charge for the year shown in the Income statement is lower than the standard rate of corporation tax in the UK of 29 per cent. (2007: 30 per cent.). The differences are explained below:

Factors affecting the tax charge:

	Year ended 30 September 2008 £'000	Year ended 30 September 2007 £'000
(Loss)/return on ordinary activities before tax	(3,148)	438
Tax on profit at the standard rate	(913)	131
Factors affecting the charge:		
Consortium relief in respect of prior years	(211)	(20)
Capital losses not subject to taxation	1,411	277
Non-taxable income	(18)	(26)
Marginal relief	–	(6)
	269	**356**

Of the total tax charge of £269,000, a sum of £130,000 relates to the taxation effect of Recoverable VAT described in note 6.

Notes:
(i) Venture Capital Trusts are not subject to corporation tax on capital gains.
(ii) Tax relief on expenses charged to capital has been determined by allocating tax relief to expenses by reference to the applicable corporation tax rate of 29 per cent. (2007: 30 per cent.) and allocating the relief between the revenue and capital in accordance with the SORP.
(iii) No deferred tax asset or liability has arisen in the year.

10. Dividends

	Year ended 30 September 2008 Revenue £'000	Capital £'000	Total £'000	Year ended 30 September 2007 Revenue £'000	Capital £'000	Total £'000
First dividend paid on 19 January 2007 –1.75 pence per share	–	–	–	793	–	793
Second dividend paid on 13 July 2007 – 1.70 pence per share	–	–	–	771	–	771
First dividend paid on 25 January 2008 – 1.75 pence per share	789	–	789	–	–	–
Second dividend paid on 4 July 2008 – 1.75 pence per share	775	–	775	–	–	–
	1,564	**–**	**1,564**	**1,564**	**–**	**1,564**

In addition to the dividends summarised above, the Board has declared a first dividend for the year ending 30 September 2009 of 1.75 pence per share, (paid out of revenue profits). This dividend will be paid on 2 February 2009 to shareholders on the register as at 5 January 2009.

Notes to the financial statements (continued)

11. Basic and diluted return/(loss) per share

	Year ended 30 September 2008			Year ended 30 September 2007		
	Revenue	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
The return per share has been based on the following figures:						
Return/(loss) attributable to equity shares (£'000)	1,744	(5,161)	(3,417)	1,643	(1,561)	82
Weighted average shares in issue (excluding Treasury shares)	44,262,032	44,262,032	44,262,032	45,278,956	45,278,956	45,278,956
Return/(loss) attributable per equity share (pence)	3.94	(11.66)	(7.72)	3.63	(3.45)	0.18

The weighted average number of shares is calculated excluding the Treasury shares of 2,651,993 (2007: 154,081).

There are no convertible instruments, derivatives or contingent share agreements in issue, and therefore no dilution affecting the return per share. The basic return per share is therefore the same as the diluted return per share.

12. Fixed asset investments

	30 September 2008 £'000	30 September 2007 £'000
Qualifying equity investments	7,610	11,284
Qualifying loan stock investments	18,056	18,012
Total qualifying investments	**25,666**	**29,296**

	Qualifying equity investments £'000	Qualifying loan stock investments £'000	Total £'000
Opening valuation as at 1 October 2007	11,284	18,012	29,296
Purchases at cost	1,123	971	2,094
Disposal proceeds	(468)	(813)	(1,281)
Realised gains/(losses)	224	(122)	102
Movement in loan stock carrying value	–	404	404
Unrealised losses	(4,553)	(396)	(4,949)
Closing valuation as at 30 September 2008	**7,610**	**18,056**	**25,666**
Movement in loan stock carrying value			
Opening accumulated movement in loan stock carrying value	–	967	967
Movement in loan stock carrying value	–	404	404
Closing accumulated movement in loan stock carrying value	**–**	**1,371**	**1,371**
Movement in unrealised losses			
Opening accumulated unrealised losses	(846)	(232)	(1,078)
Reversal of previously unrealised losses on disposal	(51)	(18)	(69)
Movement in unrealised losses	(4,502)	(378)	(4,880)
Closing accumulated unrealised losses	**(5,399)**	**(628)**	**(6,027)**
Historic cost basis			
Opening book cost	12,130	17,276	29,406
Purchases at cost	1,123	971	2,094
Sales at cost	(244)	(934)	(1,178)
Closing book cost	**13,009**	**17,313**	**30,322**

Fixed asset equity investments held at fair value through profit or loss total £7,610,000 (2007: £11,284,000). Investments held at amortised cost total £18,056,000 (2007: £18,012,000). There has been no re-designation of fixed asset investments during the year.

There has been one material disposal in the year of Grosvenor Health Limited. The net disposal proceeds were £1,297,000 with cost of £884,000 and an opening carrying value as at 1 October 2007, of £1,037,000.

The purchases of £1,741,000 included in the Cash flow statement do not agree to the purchase cost above of £2,094,000 as a result of an amount of £353,000 received back from lawyers in relation to an investment that did not complete.

Notes to the financial statements (continued)

12. Fixed asset investments (continued)

Fixed asset investment class valuation methodologies

Unquoted loan stock investments are valued on an amortised cost basis. Loan stocks using a fixed interest rate total £16,312,000 (2007: £15,569,000). Loan stocks using a floating rate total £1,744,000 (2007: £2,443,000).

The Directors believe that the carrying value on loan stock (valued using amortised cost) is not materially different to fair value.

The Company does not hold assets as the result of the enforcement of security during the period, and believes that the carrying values for both impaired and past due assets are covered by the value of security held for these loan stock investments.

Unquoted equity investments are valued in accordance with the IPEVCV guidelines as follows:

	30 September 2008 £'000	30 September 2007 £'000
Investment valuation methodology		
Cost (reviewed for impairment)	1,560	3,965
Net asset value supported by third party valuation	2,326	3,141
Recent investment price	2,240	2,172
Earnings multiple	1,484	2,006
Total	**7,610**	**11,284**

The classification of investments by nature of instruments is as follows;

	30 September 2008 £'000	30 September 2007 £'000
Unquoted equity	7,396	11,284
Unquoted equity derived instruments	214	–
Unquoted loan stock	18,056	18,012
Total	**25,666**	**29,296**

The unquoted equity investments had the following movements between valuation methodologies between 30 September 2007 and 30 September 2008:

Change in investment methodology (2007 to 2008)	Carrying value as at 30 September 2008 £'000	Explanatory note
Cost to net asset value supported by third party valuation	477	Investment held at cost for the first year
Cost to recent investment price	526	Investment held at cost for the first year

In the absence of a more appropriate valuation methodology, investments held for less than 12 months are valued at cost. Thereafter, the valuation will move to the most appropriate valuation methodology for an investment within its market, with regard to the financial health of the investment and the IPEVCV Guidelines. The Directors believe that, within these parameters, there are no other possible methods of valuation which would be reasonable as at 30 September 2008.

Notes to the financial statements (continued)

13. Significant interests

The principal activity of the Company is to select and hold a portfolio of investments in unquoted securities. Although the Company, through the Manager, will, in some cases, be represented on the board of the investee company, it will not take a controlling interest or become involved in the management. The size and structure of the companies with unquoted securities may result in certain holdings in the portfolio representing a participating interest without there being any partnership, joint venture or management consortium agreement. The Company has interests of greater than 20 per cent. of the nominal value of any class of the allotted shares in the investee companies as at 30 September 2008 as described below:

Company	Country of incorporation	Principal activity	% class and share type	% total voting rights
Xceleron Limited	Great Britain	Bio-analytical services	50.0% A Ordinary	21.7%
Resorthoppa Limited	Great Britain	Taxi transfer service	10.78% Ordinary and 9.8% Warrant	21.4%
CS (Norwich) Limited	Great Britain	Picturehouse cinema	20.0% Ordinary	20.0%
Bravo Inns II Limited	Great Britain	Food and Beverages	50.0% Ordinary	24.3%

As permitted under FRS 9, the investments listed above are held as part of an investment portfolio, and their value to the Company is as part of a portfolio of investments. Therefore these investments are not considered to be associate undertakings.

14. Current assets include the following:

Debtors	30 September 2008 £'000	30 September 2007 £'000
Other debtors	–	352
Prepayments and accrued income	98	68
Recoverable VAT	568	–
Current tax asset	–	26
	666	**446**

The Directors consider that the carrying amount of debtors is not materially different to their fair value.

Current asset investment	30 September 2008 £'000	30 September 2007 £'000
Rabobank floating rate note 29 July 2010	**4,974**	**9,992**

The investment in a Rabobank floating rate note represents money held for investment. The floating rate note can be converted to cash within five working days. Floating rate notes were classified as fixed assets in the prior year and have been reclassified to current asset investments in the current year.

15. Creditors: amounts falling due within one year

	30 September 2008 £'000	30 September 2007 £'000
Accruals and deferred income	315	56
Other creditors	29	–
Corporation tax	321	–
Bank overdraft	–	46
	665	**102**

The Directors consider that the carrying amount of creditors is not materially different to their fair value.

Notes to the financial statements (continued)

16. Called up share capital

	30 September 2008 £'000	30 September 2007 £'000
Authorised		
50,000,000 Ordinary shares of 50p each	**25,000**	25,000
Allotted, called up and fully paid		
45,326,337 Ordinary shares of 50p each (2007: 45,333,837)	**22,663**	22,667
Allotted, called up and fully paid excluding Treasury shares		
42,674,344 Ordinary shares of 50p each (2007: 45,179,756)	**21,337**	22,590

The Company purchased for cancellation 7,500 Ordinary shares during the year at a total cost of £6,000 (2007: nil shares). The Company purchased 2,497,912 Ordinary shares (2007: 154,081) to be held in Treasury at a total cost of £1,974,000 (2007: £137,000). The shares purchased for Treasury were purchased through the Own Treasury shares reserve. The shares purchased for cancellation were funded from the Special reserve. The total number of shares held in Treasury as at 30 September 2008 was 2,651,993 (2007: 154,081).

17. Net asset value per Ordinary share

	30 September 2008	30 September 2007
Net asset value per share attributable (pence)	79.73	90.72

The net asset value per share at the year end calculated in accordance with the Articles of Association is based upon net assets of £34,026,000 (2007: £40,987,000) and the total number of shares in issue at 30 September 2008 (excluding Treasury shares) of 42,674,344 (2007: 45,179,756).

18. Analysis of changes in cash during the year

	30 September 2008 £'000	30 September 2007 £'000
Opening net funds	1,355	3,483
Net cash inflow/(outflow)	2,076	(2,174)
Closing net funds	**3,431**	**1,309**
Movement in overdraft	(46)	46
Closing cash balance	**3,385**	**1,355**

19. Reconciliation of revenue return on ordinary activities before taxation to net cash inflow from operating activities

	Year ended 30 September 2008 £'000	Year ended 30 September 2007 £'000
Revenue return on ordinary activities before taxation	2,132	2,281
Investment management fees charged to capital	(819)	(920)
Recoverable VAT capitalised	407	–
Movement in accrued amortised loan stock interest	(404)	63
(Increase)/decrease in operating debtors	(598)	40
Increase/(decrease) in operating creditors	292	(943)
Net cash inflow from operating activities	**1,010**	**521**

Notes to the financial statements (continued)

20. Capital and financial instruments risk management

New disclosures as required by FRS 29 "Financial Instruments: Disclosures" are included in the note below. The Company's capital comprises Ordinary shares as described in note 16. The Company is permitted to buy back its own shares for cancellation or Treasury purposes, and this is described in more detail on page 24 of the Directors' report and business review.

The Company's financial instruments comprise equity and loan stock investments in unquoted companies, floating rate notes, cash balances and short term debtors and creditors which arise from its operations. The main purpose of these financial instruments is to generate revenue and capital appreciation for the Company's operations. The Company has no gearing or other financial liabilities apart from short term creditors. The Company does not use any derivatives for the management of its balance sheet.

The principal risks arising from the Company's operations are:

- Investment (or market) risk (which comprises investment price and cash flow interest rate risk);
- credit risk; and
- liquidity risk.

The Board regularly reviews and agrees policies for managing each of these risks. There have been no changes in the nature of the risks that the Company has faced during the past year, and apart from where noted below, there have been no changes in the objectives, policies or processes for managing risks during the past year. The key risks are summarised as follows:

Investment risk

As a venture capital trust, it is the Company's specific nature to evaluate and control the investment risk in its portfolio in unquoted companies, details of which are shown on page 20. Investment risk is the exposure of the Company to the revaluation and devaluation of investments. The main driver of investment risk is the operational and financial performance of the investee company. The Manager receives management accounts from investee companies, and members of the investment management team often sit on the boards of unquoted investee companies; this enables the close identification, monitoring and management of investment risk.

The Manager and the Board formally reviews investment risk (which includes market price risk), both at the time of initial investment and at quarterly Board meetings.

The Board monitors the prices at which sales of investments are made to ensure that profits to the Company are maximised, and that valuations of investments retained within the portfolio appear sufficiently prudent and realistic compared to prices being achieved in the market for sales of unquoted investments.

The maximum investment risk as at the balance sheet date is the value of the fixed and current asset investment portfolio which is £30,640,000 (2007: £39,288,000). Fixed and current asset investments form 90.04 per cent. of the net asset value as at 30 September 2008 (2007: 95.85 per cent.).

More details regarding the classification of fixed asset investments are shown in note 12 and details regarding current asset investments are shown in note 14.

Investment price risk

Investment price risk is the risk that the fair value of future investment cash flows will fluctuate due to factors specific to an investment instrument or to a market in similar instruments. To mitigate the investment price risk for the Company as a whole, the strategy of the Company is to invest in a broad spread of industries with approximately two-thirds of the unquoted investments comprising debt securities, which, owing to the structure of their yield and the fact that they are usually secured, have a lower level of price volatility than equity. Details of the industries in which investments have been made are contained in the Portfolio of investments section on pages 11 to 13 and in the Manager's report.

In accordance with the IPEVCV Guidelines, in the absence of a more appropriate methodology, investments held for less than 12 months are valued at cost. Thereafter, the valuation will move to the most appropriate valuation methodology for an investment within its market, with regard to the financial health of the investment and the IPEVCV Guidelines. The Directors believe that, within these parameters, there are no reasonable possible alternative methods of valuation of the investments as at 30 September 2008.

As required under FRS 29 "Financial Instruments: Disclosures", the Board is required to illustrate by way of a sensitivity analysis the degree of exposure to market risk. The Board considers that the value of the fixed and current asset investment portfolio is sensitive to a 10 per cent. change based on the current economic climate. The impact of a 10 per cent. change has been selected as this is considered reasonable given the current level of volatility observed both on a historical basis and future expectations.

The sensitivity of a 10 per cent. increase or decrease in the valuation of the fixed and current asset investments (keeping all other variables constant) would increase or decrease the net asset value and return for the year by £3,064,000 (2007: £3,929,000).

Notes to the financial statements (continued)

20. Capital and financial instruments risk management (continued)

Cash flow interest rate risk

It is the Company's policy to accept a degree of interest rate risk on its financial assets through the effect of interest rate changes. On the basis of the Company's analysis, it is estimated that a fall of one percentage point in all interest rates would have reduced total return before tax for the year by approximately £130,000 (2007: £233,000).

The weighted average interest rate applied to the Company's fixed rate assets during the year was approximately 7.68 per cent. (2007: 8.51 per cent.). The weighted average period to maturity for the fixed rate assets is approximately 2.8 years (2007: 3.6 years).

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The Company is exposed to credit risk through its debtors, investment in unquoted loan stock, and through the holding of floating rate notes and cash on deposit with banks.

The Manager evaluates credit risk on loan stock instruments and floating rate notes prior to investment, and as part of its ongoing monitoring of investments. In doing this, it takes into account the extent and quality of any security held. Typically loan stock instruments have a first fixed charge or a fixed and floating charge over the assets of the investee company in order to mitigate the gross credit risk. The Manager receives management accounts from investee companies, and members of the investment management team often sit on the boards of unquoted investee companies; this enables the close identification, monitoring and management of investment-specific credit risk.

Bank deposits and floating rate notes are held with banks which have a Moody's credit rating of at least 'A'. In light of the current economic uncertainties, during the year the Company has adopted an informal policy of limiting counterparty banking and floating rate note exposure to a maximum of 20 per cent. of net asset value for any one counterparty.

The Manager and the Board formally review credit risk (including debtors) and other risks, both at the time of initial investment and at quarterly Board meetings.

The Company's total gross credit risk as at 30 September 2008 is limited to £18,056,000 (2007: £18,012,000) of unquoted loan stock instruments, £3,385,000 cash deposits with banks (2007: net £1,309,000), and £4,974,000 of floating rate notes (2007: £9,992,000)

As at the balance sheet date, the cash held by the Company was held with the Royal Bank of Scotland plc and Lloyds TSB Bank plc. The floating rate note is issued by Rabobank. Credit risk on cash transactions is mitigated by transacting with counterparties that are regulated entities subject to prudential supervision, with high credit ratings assigned by international credit-rating agencies.

Liquidity risk

Liquid assets are held as cash on current account, cash on deposit or short term money market account and as floating rate notes. Under the terms of its Articles, the Company has the ability to borrow up to the amount of 10 per cent. of its adjusted capital and reserves of the latest published audited balance sheet, which amounts to £3,403,000 as at 30 September 2008 (2007: £4,099,000).

The Company has no committed borrowing facilities as at 30 September 2008 (2007: £nil) and had cash balances of £3,385,000 (2007: net £1,309,000) and floating rate notes totalling £4,974,000 (2007: £9,992,000). The main cash outflows are for new investments, which are within the control of the Company. The Manager formally reviews the cash requirements of the Company on a monthly basis, and the Board on a quarterly basis as part of its review of management accounts and forecasts. All the Company's financial liabilities are short term in nature and total £665,000 for the year to 30 September 2008 (2007: £102,000).

In view of this, the Board considers that the Company is subject to low liquidity risk.

Fair values of financial assets and financial liabilities

All the Company's financial assets and liabilities as at 30 September 2008 are stated at fair value as determined by the Directors, with the exception of loans and receivables included within investments, which are carried at amortised cost, in accordance with FRS 26. The Directors believe that the current carrying value of loan stock (valued using amortised cost) is not materially different to the fair value. There are no financial liabilities other than creditors. The Company's financial liabilities are all non-interest bearing. It is the Directors' opinion that the book value of the financial liabilities is not materially different to the fair value and all are payable within one year and that the Company is subject to low financial risk as a result of nil gearing and strong cash balances.

Notes to the financial statements (continued)

20. Capital and financial instruments risk management (continued)

The Company's financial assets and liabilities as at 30 September 2008, all denominated in pounds sterling, consist of the following:

	30 September 2008				30 September 2007			
	Fixed rate £'000	**Floating rate £'000**	**Non-interest bearing £'000**	**Total £'000**	**Fixed rate £'000**	**Floating rate £'000**	**Non-interest bearing £'000**	**Total £'000**
Unquoted equity	–	–	7,610	7,610	–	–	11,284	11,284
Unquoted loan stock	16,312	1,744	–	18,056	15,569	2,443	–	18,012
Floating rate notes	–	4,974	–	4,974	–	9,992	–	9,992
Debtors	–	–	666	666	–	–	446	446
Current liabilities	–	–	(665)	(665)	–	–	(102)	(102)
Cash	–	3,385	–	3,385	–	1,355	–	1,355
Total net assets	**16,312**	**10,103**	**7,611**	**34,026**	**15,569**	**13,790**	**11,628**	**40,987**

The carrying value of loan stock investments held at amortised cost at 30 September 2008 is as follows:

	30 September 2008			
Redemption date	**Fully performing loan stock £'000**	**Renegotiated loan stock £'000**	**Impaired loan stock £'000**	**Total £'000**
1-2 years	3,147	894	484	4,525
2-3 years	1,977	1,655	211	3,843
3-4 years	4,240	4,025	549	8,814
4-5 years	720	–	154	874
Total	**10,084**	**6,574**	**1,398**	**18,056**

The carrying value of loan stock investments held at amortised cost at 30 September 2007 is as follows:

	30 September 2007			
Redemption date	**Fully performing loan stock £'000**	**Renegotiated loan stock £'000**	**Impaired loan stock £'000**	**Total £'000**
2-3 years	3,523	362	313	4,198
3-4 years	3,168	846	629	4,643
4-5 years	8,788	261	122	9,171
Total	**15,479**	**1,469**	**1,064**	**18,012**

Notes to the Financial Statements continued

21. Post balance sheet events

Since 30 September 2008 the Company has completed the following investments:

- October 2008: Investment in Vibrant Energy Surveys Limited of £23,000.
- October 2008: Investment in Xceleron Limited of £289,000.
- October 2008: Repayment of Loan Stock in GB Pub Company Limited of £35,000.
- October 2008: Investment in Mi-Pay Limited of £191,000.
- October 2008: Investment in Kensington Health Clubs Limited of £1,000,000.
- November 2008: Investment in Helveta Limited of £154,000.
- November 2008: Investment in GB Pub Company Limited of £5,000.
- November 2008: Investment in Ivivo Limited of £37,000.
- December 2008: Investment in Rostima Limited of £71,000.
- December 2008: Investment in Clear Pub Company VCT Limited of £21,000.

22. Contingencies, guarantees and financial commitments

The Company has given a guarantee to The Royal Bank of Scotland plc in respect of the borrowing of investee companies. As at 30 September 2008 the maximum exposure under these guarantees was £1,100,000 (2007: £1,200,000). One of these guarantees, which has maximum exposure of £nil as at 30 September 2008 (2007: £nil) is secured by a third party charge of deposit over specific bank accounts with balances of £nil (2007: £nil) dated 31 January 2005 granted to the Royal Bank of Scotland plc. Since the year end, a guarantee of £1,000,000 has been released and converted into an investment.

23. Related party transactions

The Manager, Close Ventures Limited, is considered to be a related party by virtue of the fact that it is party to a management agreement from the Company (details disclosed on page 22 of this report). During the year, services of a total value of £1,092,000 (2007: £1,227,000), were purchased by the Company from Close Ventures Limited. At the financial year end, the amount due to Close Ventures Limited in respect of these services disclosed as accruals and deferred income was £242,000 (2007: £2,000).

Close Ventures Limited is reclaiming VAT from HMRC as described in note 6. A sum of £543,000 has been recognised in the Income statement for the year reflecting a gross receipt of £568,000, less a creditor for £25,000 in respect of related historic management fees to be paid to Close Ventures Limited.

Patrick Reeve is Director of the Manager, Close Ventures Limited. During the year, the Company was charged by Close Ventures Limited £18,500 in respect of his services as a Director. At the year end, the amount due to Close Ventures Limited in respect of these services disclosed as accruals and deferred income was £5,434 (2007: £nil).

Close Income & Growth VCT PLC has an investment valued at £583,000 (2007: £400,000) in Dexela Limited, a company of which John Kerr was company secretary at the year end. The Company made an additional investment in Dexela Limited of £165,000 during the year. John Kerr resigned as company secretary of Dexela Limited in November 2008.

Buy-backs of shares for Treasury during the year were transacted through Winterflood Securities Limited, a subsidiary of Close Brothers Group plc. A total of 2,497,912 shares were purchased for Treasury (2007: 154,081 shares) at an average price of 79 pence per share (2007: 88 pence per share).

There are no other related party transactions or balances requiring disclosure.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Close Income & Growth VCT PLC (the "Company") will be held at 12.30 p.m. on 9 February 2009 at 10 Crown Place, London EC2A 4FT for the following purposes:

To consider and, if thought fit, to pass the following resolutions, of which numbers 1 to 7 will be proposed as ordinary resolutions and numbers 8 to 11 as special resolutions.

Ordinary Business

1. To receive and adopt the accounts and the reports of the Directors and auditors for the year ended 30 September 2008.

2. To appoint PKF (UK) LLP as auditors of the Company from the conclusion of the meeting to the conclusion of the next meeting at which the accounts are laid.

3. To authorise the Directors to agree the auditors' remuneration.

4. To approve the Directors' remuneration report for the year ended 30 September 2008.

5. To re-elect Friedrich Ternofsky as a Director of the Company.

6. To re-elect Mary Anne Cordeiro as a Director of the Company.

Special Business

7. That the Directors be generally and unconditionally authorised in accordance with section 80 of the Companies Act 1985 (the "Act") to exercise all powers of the Company to allot relevant securities (within the meaning of section 80(2) of the Act) up to a maximum aggregate nominal amount in the case of Ordinary shares of 50p each in the capital of the Company ("Ordinary shares") of £2,133,717 (which comprises 10 per cent. of the Ordinary share capital excluding shares held in Treasury) such authority to expire on 9 August 2010, but so that the Company may before the expiry of such period, make an offer or agreement which would or might require relevant securities to be allotted after the expiry of such period, and the Directors may allot relevant securities pursuant to such an offer or agreement as if the authority had not expired; and all unexercised authorities previously granted to the Directors to allot relevant securities be, and are hereby, revoked.

8. That subject to and conditional on the passing of resolution number 7, the Directors be empowered, pursuant to section 95 of the Act, to allot equity securities (within the meaning of section 94(2) to section 94(3A) of the Act) for cash pursuant to the authority conferred by resolution number 7 as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

   (a) in connection with an offer of such securities by way of rights issue;

   (b) in connection with any Dividend Reinvestment Scheme introduced and operated by the Company; and

   (c) otherwise than pursuant to the sub-paragraphs above, in respect of the Ordinary shares, to an aggregate nominal amount of £1,066,859 (equal to 5 per cent. of the Ordinary share capital excluding shares held in Treasury), and shall expire on 9 August 2010, save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement as if the power had not expired.

   In this resolution, "rights issue" means an offer of equity securities open for acceptance for a period fixed by the directors to holders on the register on a fixed record date in proportion as nearly as may be to their respective holdings, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with any fractional entitlements or legal or practical difficulties under the laws of, or the requirement of any recognised regulatory body or any stock exchange in, any territory.

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 94(3A) of the Act as if in the first paragraph of the resolution the words "pursuant to the authority conferred by resolution number 7" were omitted.

9. That, subject to and in accordance with Article 49 of the Company's Articles of Association, the Company be generally and unconditionally authorised to make one or more market purchases (within the meaning of Section 163(3) of the Companies Act 1985) of ordinary shares of 50p each in the capital of the Company ("Ordinary shares") on such terms as the Directors think fit, and where such shares are held as Treasury shares, provided that:

   (a) the maximum aggregate number of shares authorised to be purchased is 6,396,884 Ordinary shares (representing approximately 14.99 per cent. of the issued Ordinary shares (excluding shares held in Treasury) as at the date of this Notice;

   (b) the minimum price, exclusive of any expenses, which may be paid for a share is 50p;

   (c) the maximum price, exclusive of any expenses, which may be paid for each Ordinary Share is an amount equal to the higher of: (a) 105 per cent. of the average of the middle market quotations for an Ordinary Share, as derived from the London Stock Exchange Daily Official List, for the five business days immediately preceding the day on which the Ordinary share is purchased; and (b) the amount stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003;

   (d) the authority hereby conferred shall, unless previously revoked or varied expire at the conclusion of the next Annual General Meeting of the Company or eighteen months from the date of the passing of this resolution, whichever is earlier; in relation to the purchase of Ordinary shares the contract for which was concluded before the expiry of this authority and which will or may be executed wholly or partly after such expiry.

   Under the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003, shares purchased by the Company out of distributable profits can be held as Treasury shares, which may then be cancelled or sold for cash. The authority sought by this special resolution number 9 is intended to apply equally to shares to be held by the Company as Treasury shares in accordance with the Regulations.

   The Directors seek authority to sell Treasury shares at a price not less than that at which they were purchased.

10. That, with immediate effect, the Articles of Association of the Company contained in the document produced at the Annual General Meeting (and signed by the Chairman for the purposes of identification) be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the Current Articles.

BY ORDER OF THE BOARD

Close Ventures Limited
Company Secretary
Registered Office
10 Crown Place, London, EC2A 4FT

22 December 2008

Notice of Annual General Meeting (continued)

Notes

1. This notice is being sent to all members and to any person nominated by a member of the Company under section 146 of the Companies Act 2006 to enjoy information rights. Members will find an admission/voting card and a proxy form enclosed with this Notice. If you are attending the meeting, you should bring the admission card with you.

2. Only holders of Ordinary shares, or their duly appointed representatives, are entitled to attend, vote and speak at the meeting. A member so entitled may appoint (a) proxy(ies), who need not be (a) member(s), to attend, speak and vote on his/her behalf. A proxy form is enclosed with this Notice. To be valid a proxy appointment must reach the office of the Company's Registrars, Capita Registrars, Proxy Department, PO Box 25, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4BR not less than 48 hours before the time fixed for the meeting or any adjournment thereof.

3. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 146 Companies Act 2006 ("nominated persons"). Nominated persons may have a right under an agreement with the registered member who hold shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.

4. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those members on the register of members of the Company as at 12.30 p.m. on 7 February 2009 (or, if the meeting is adjourned, members on the register of members not later than 48 hours before the time fixed for the adjourned meeting) are entitled to attend and vote at the meeting in respect of the shares registered in their names at that time. Subsequent changes to the register shall be disregarded in determining the rights of any person to attend and vote at the meeting.

5. Copies of contracts of service and letters of appointment between the Directors and the Company will be available for inspection at the Registered Office of the Company during normal business hours from the date of this Notice until the conclusion of the meeting, and at the place of the meeting for at least 15 minutes prior to the meeting until its conclusion. In addition, a copy of the new and the revised Articles of Association (as proposed by resolution 10), will be available for inspection at the Company's registered office from the date of this Notice until the conclusion of the meeting, and at the place of the meeting for at least 15 minutes prior to the meeting until its conclusion.

6. Members should note that it is possible that, pursuant to requests made by members of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

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VCT PLC

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