Albion Enterprise VCT PLC

ALBION VENTURES

Contents

Company information

Company number	05990732
Directors	M Packe, Chairman Lady Balfour of Burleigh Lord St. John of Bletso P H Reeve
Manager, company secretary and registered office	Albion Ventures LLP 1 King's Arms Yard London, EC2R 7AF Tel: 020 7601 1850 Fax: 020 7601 1875 Website: www.albion-ventures.co.uk
Registrar	Capita Registrars Limited Northern House Penistone Road Fenay Bridge Huddersfield, HD8 0LA
Auditor	PKF (UK) LLP Farringdon Place 20 Farringdon Road London, EC1M 3AP
Taxation adviser	PricewaterhouseCoopers LLP 1 Embankment Place London, WC2N 6RH
Legal adviser	Berwin Leighton Paisner LLP Adelaide House London Bridge London, EC4R 9HA

Albion Enterprise 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, lines are open 8.30am – 5.30pm, Mon – Fri)
Email: ssd@capitaregistrars.com
Website: www.capitaregistrars.com

Shareholders can access holdings and valuation information regarding any of their shares held with Capita Registrars by registering on Capita's website.

For enquiries relating to the performance of the Fund please contact Albion Ventures LLP:
Tel: 020 7601 1850 (lines are open 9.00am – 5.30pm, Mon – Fri, calls may be recorded)
Email: info@albion-ventures.co.uk
Website: www.albion-ventures.co.uk

IFA information

Independent Financial Advisers with questions please contact Albion Ventures LLP:
Tel: 020 7601 1850 (lines are open 9.00am – 5.30pm, Mon – Fri, calls may be recorded)
Email: info@albion-ventures.co.uk
Website: www.albion-ventures.co.uk

Investment objectives

The aim of Albion Enterprise VCT (the "Company") is to provide investors with a regular and predictable source of income, combined with the prospect of longer term capital growth. Once fully invested, the Company intends to achieve this by investing up to 50 per cent. of the net funds raised in an asset-backed portfolio of lower risk, ungeared businesses, principally operating in the leisure sector and related areas (the "Asset-Backed Portfolio"). The balance of the net funds raised, other than funds retained for liquidity purposes, will be invested in a portfolio of higher growth businesses across a variety of sectors of the UK economy. These will range from lower risk, income producing businesses to higher risk technology companies (the "Growth Portfolio"). Funds awaiting investment in Qualifying Investments or retained for liquidity purposes will be held in gilts, on deposit or invested in floating rate notes or similar instruments, in the latter two cases with banks with a Moody's credit rating of 'A' or above.

The Company's investment portfolio will thus be structured to provide a balance between income and capital growth for the longer term. The Asset-backed Portfolio is designed to provide stability and income whilst still maintaining the potential for capital growth. The Growth Portfolio is intended to provide highly diversified exposure through its portfolio of investments in unquoted UK companies.

Financial calendar

Annual General Meeting	21 July 2011
Record date for first dividend	5 August 2011
Payment of first dividend	31 August 2011
Announcement of Half-yearly results for the six months ended 30 September 2011	November 2011
Payment of second dividend subject to Board approval	February 2012

Financial highlights

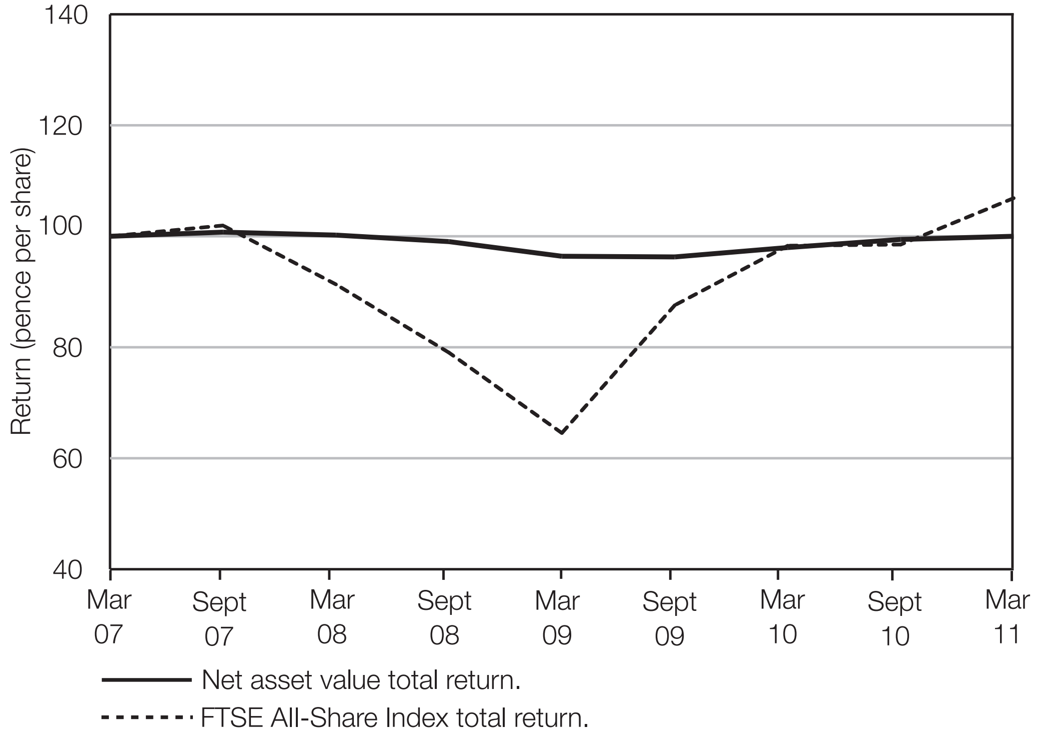
94.5p Net asset value per share plus dividends paid from launch to 31 March 2011.

87.1p Net asset value per share as at 31 March 2011.

3.0p Tax-free dividends per share paid in the year to 31 March 2011.

1.5p First tax-free dividend per share declared for the year to 31 March 2012.

Net Asset Value total return relative to FTSE All-Share Index total return (in both cases with dividends reinvested)



Source: Albion Ventures LLP

Methodology: The net asset value return to the shareholder, including original amount invested (rebased to 100) from launch, assuming that dividends were re-invested at net asset value of the Company at the time the shares were quoted ex-dividend. Transaction costs are not taken into account.

Financial summary

	31 March 2011 (pence per share)	31 March 2010 (pence per share)
Dividends paid	3.00	2.00
Revenue return	1.23	1.01
Capital return	0.67	0.43
Net asset value	87.13	88.25

Net asset value total return to shareholders since launch:

		31 March 2011 (pence per share)
Total dividends paid during the year ended:		
	31 March 2008	0.70
	31 March 2009	1.65
	31 March 2010	2.00
	31 March 2011	3.00
Total dividends paid to 31 March 2011		**7.35**
Net asset value as at 31 March 2011		**87.13**
Total net asset value return to 31 March 2011		**94.48**

In addition to the above dividends, the Company will pay a first dividend, for the new financial year, of 1.5 pence per share on 31 August 2011 to shareholders on the register as at 5 August 2011.

Notes

- *The dividend of 0.7 pence per share paid during the period ended 31 March 2008 and first dividend of 0.4 pence per share paid during the year ended 31 March 2009 were paid to shareholders who subscribed in the 2006/2007 offer only.*
- *All dividends paid by the Company are free of income tax. It is an H.M. Revenue & Customs 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.*
- *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 as tax reliefs are only obtainable on initial subscription.*

Chairman's statement

Introduction

The Company's results for the year to 31 March 2011 saw a positive total return of 1.90 pence per share, against a total return of 1.44 pence per share for the previous year. This shows continued progress in the build of the investment portfolio.

Board portfolio progress

A total of £10.5 million was invested or committed in the year, of which £9.8 million was in new portfolio companies. This means that the total level of qualifying investments is now comfortably above the 70 per cent. required by HM Revenue & Customs. New investments include £953,000 in TEG (Biogas) Perth Limited, which is developing a new anaerobic digestion power station fed on waste food; £1.7 million in Radnor House School Limited, a new independent school on the Thames at Twickenham; £1.85 million in Nelson House Hospital Limited, a freehold psychiatric unit being developed in Gosport; and a number of other renewable energy projects aimed at solar or wind power. During the year we disposed of our investment in Geronimo Inns, realising a capital profit of £361,000 on our investment of £2.8 million and achieving a total return over the course of our investment of 24 per cent.

Strong progress was seen during the year by Dexela Limited, which develops medical imaging products, principally for the scanning of breast cancer. Subsequent to the year end, the investment of £430,000 in Dexela Limited was sold, realising initial proceeds of £867,000 with the potential, subject to earnings over the next three years, of further proceeds of £398,000. Mirada Medical Limited, another medical imaging business, also saw strong progress. Against this, slower than hoped for progress at Prime Care Holdings Limited, Dysis Medical Limited (formerly Forth Photonics Limited) and Oxsensis Limited, led to partial provisions. Theses companies continue to grow their business as does Mi-Pay.

Investment income for the year was 16 per cent. higher than for the previous year, in line with the continued build up of the investment portfolio, where most of our holdings are income producing.

Risks and uncertainties

The outlook for the UK economy continues to be the key risk affecting your Company. Although there have been indications of renewed growth, there is continuing uncertainty as to the impact on the economy of the Coalition Government's spending cuts, while the prospects for the broader Global economy remain unclear. It remains our policy to ensure that the Company has, wherever appropriate, a first charge over assets of companies in which we have invested. Opportunities within our target sectors continue to arise at attractive valuations, including the healthcare and environmental sectors, two of our core areas of concentration.

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 investment in new and existing portfolio companies and the continued payment of dividends to shareholders. It is the Board's intention for such buy-backs to be in the region of a 10 to 15 per cent. discount to net asset value, so far as market conditions and liquidity permit.

Results and dividends

As at 31 March 2011, the net asset value of the Ordinary shares was 87.13 pence per share, compared to 88.25 pence per share as at 31 March 2010. The revenue return after taxation was £373,000 compared to £305,000 for the previous year. The Company will pay a first dividend for the financial year to 31 March 2012 of 1.5 pence per share. The dividend will be paid on 31 August 2011 to shareholders on the register at 5 August 2011.

Chairman's statement continued

Albion VCTs Linked Top Up Offer

Your Company raised a total of £1.67 million as part of the Albion VCTs Linked Top Up Offer which closed on 16 May 2011. The proceeds provide welcome additional liquidity at a time when SMEs are facing a shortage of available finance and while valuations are attractive. Details regarding the shares issued under this Offer are shown in notes 15 and 21.

Outlook and prospects

The portfolio is being built up according to plan, with particular emphasis on the healthcare and environmental sectors. We think that a number of investments in the high growth sector have interesting prospects and, although there is continued uncertainty in the UK and the global economy, we consider that the portfolio, as a whole, has potential to generate attractive, long term returns to shareholders.

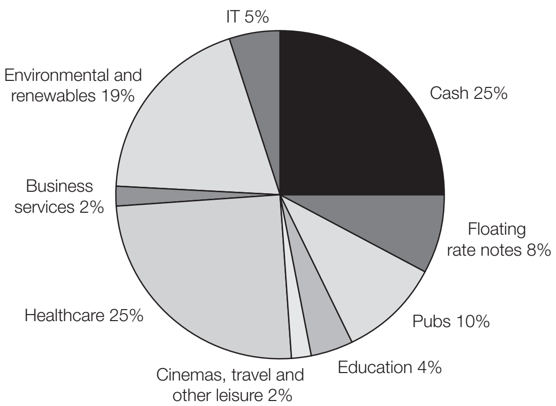
Maxwell Packe
Chairman
24 June 2011

Manager's report

Portfolio review

The sector analysis of Albion Enterprise VCT's investment portfolio by value as at 31 March 2011 is shown below. This shows that healthcare now accounts for 25 per cent. of the portfolio compared to 16 per cent. at the end of the previous financial year, while the environmental and renewables sector now accounts for 19 per cent., compared to 2 per cent. in the previous financial year. Following the sale of the Geronimo Inns Investment, the proportion within the pub sector has reduced from 19 per cent. to 10 per cent.

Split of portfolio valuation by sector as at 31 March 2011



Source: Albion Ventures LLP

New investments

During the year some £9.8 million was invested in new investments and £700,000 in existing portfolio companies. Of this, some £2 million was invested or committed in the healthcare sector and £5 million in the environmental sector, which comprises renewable electricity projects for the production of power from solar, wind and anaerobic digestion. We see the healthcare sector as being a core area for investment while the investment programme in the renewable electricity sector are nearing completion.

Investment performance

Following the successful sale of Geronimo Inns, our key pub investments are in the two Bravo Inns companies. These are strongly profitable and cash generative. Our new investment in Radnor House School Limited has got off to a good start, with committed pupils for its first academic year comfortably above budget. With regard to growth investments, the sale of Dexela Limited subsequent to the year end will produce a return of between two and three times cost, while Mirada Medical Limited, our other medical imaging business, also saw strong progress. Our portfolio of environmental and renewable energy investments now amounts to £5 million and will start to produce a strong level of income for the Company.

Albion Ventures LLP
Manager
24 June 2011

The Board of Directors

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

Maxwell Packe (Chairman) (66) FCA (appointed 28 November 2006) is also chairman of Kelvin Hughes Limited. Since 1996 he has been chairman of a number of private equity-backed companies with successful trade sales, including Crestacare PLC, Corgi Classics Limited and Paragon Book Services Limited. Previously he was founder and chief executive of Household Mortgage Corporation PLC from 1986 until its sale in 1996 to Abbey National Plc.

Lord St. John of Bletso (Chairman of the Audit Committee and Senior Independent Director) (54) (appointed 28 November 2006) is a qualified solicitor. He acts as a consultant to 2e2, a provider of mission critical IT services and solutions. He was a consultant to Merrill Lynch until November 2008. He is chairman of the Governing Boards of Certification International Limited and Eurotrust International Limited and a director of Carbondesk Group plc. He has been a Crossbench Member of the House of Lords since 1979 and an extra Lord-in-Waiting to HM The Queen since 1999. He serves on several EU Select Committees.

Lady Balfour of Burleigh (65) CBE (appointed 28 November 2006) is a non-executive director of Murray International Trust plc and Scottish Oriental Smaller Companies Trust plc. She is also chairman of the Nuclear Liabilities Fund and the Nuclear Liabilities Financing Assurance Board. She was formerly a director of Cable and Wireless plc, Midlands Electricity plc, WH Smith plc and Stagecoach Group plc.

Patrick Reeve (51) MA, ACA (appointed 28 November 2006) 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 Albion Ventures LLP (then Close Ventures Limited) with the launch of Albion Venture Capital Trust PLC (previously Close Brothers Venture Capital Trust PLC) in the spring of 1996. He is a director of Albion Prime VCT PLC, Albion Income & Growth VCT PLC, Albion Technology & General VCT PLC and Kings Arms Yard VCT PLC, all managed by Albion Ventures LLP. He is on the council of the BVCA.

The Manager

Albion Ventures LLP, is authorised and regulated by the Financial Services Authority and is the Manager of Albion Enterprise VCT PLC. In addition to Albion Enterprise VCT PLC, it manages a further eight venture capital trusts, and currently has total funds under management of approximately £230 million. Albion was awarded "VCT Manager of the Year" at the "Unquote" British Private Equity Awards 2009 and "VCT of the Year" for Albion Development VCT PLC at the 2009 Investor AllStar Awards.

The following are specifically responsible for the management and administration of the VCTs managed by Albion Ventures LLP, including Albion Enterprise VCT PLC:

Patrick Reeve (51), MA, ACA, details included in the Board of Directors section.

Will Fraser-Allen (40), BA (Hons), ACA, qualified as a chartered accountant with Cooper Lancaster Brewers in 1996 and then joined their corporate finance team providing corporate finance advice to small and medium sized businesses. He joined Albion Ventures LLP (then Close Ventures Limited) in 2001 since when he has focused on leisure and healthcare investing. Will became deputy Managing Partner of Albion Ventures LLP in 2009. Will has a BA in History from Southampton University.

Isabel Dolan (46), BSc (Hons), ACA, MBA, qualified as a chartered accountant with Moore Stephens. From 1993 to 1997 she was Head of Recoveries at the Specialised Lending Services of the Royal Bank of Scotland plc and from 1997 to 2001 she was at 3i plc, latterly as a portfolio director. She joined Albion Ventures LLP (then Close Ventures Limited) in 2005, having previously been finance director for a number of unquoted companies. Isabel became Operations Partner at Albion Ventures LLP in 2009. She has a BSc in Biochemistry with Pharmacology from Southampton University and an MBA from London Business School.

Dr Andrew Elder (40), MA, FRCS, joined Albion Ventures LLP (then Close Ventures Limited) in 2005 and became a Partner in 2009. He initially practiced as a surgeon for six years, specialising in neurosurgery, before joining the Boston Consulting Group (BCG) as a consultant in 2001. Whilst at BCG he specialised in healthcare strategy, gaining experience with many large, global clients across the full spectrum of healthcare including biotechnology, pharmaceuticals, service and care providers, software and telecommunications. He has an MA plus Bachelors of Medicine and Surgery from Cambridge University and is a Fellow of the Royal College of Surgeons (England).

Emil Gigov (41), BA (Hons), ACA, graduated from the European Business School, London, with a BA (Hons) Degree in European Business Administration in 1994. He then joined KPMG in their financial services division and qualified as a chartered accountant in 1997. Following this he transferred to KPMG corporate finance where he specialised in the leisure, media and marketing services sectors acting on acquisitions, disposals and fundraising mandates. He joined Albion Ventures LLP (then Close Ventures Limited) in 2000 and has since made and exited investments in a number of industry sectors, including healthcare, education, technology, leisure and engineering. Emil became a Partner in Albion Ventures LLP in 2009.

David Gudgin (39), BSc (Hons), ACMA, qualified as a management accountant with ICL before spending 3 years at the BBC. In 1999 he joined 3i plc as an investor in European technology based in London and Amsterdam. In 2002 he moved to Foursome Investments (now Frog Capital) as the lead investor of an environmental technology and a later stage development capital fund. David joined Albion Ventures LLP (then Close Ventures Limited) in 2005 and became a Partner in Albion Ventures LLP in 2009. David has a BSc in Economics from Warwick University.

Michael Kaplan (34), BA, MBA. Prior to joining Albion Ventures LLP (then Close Ventures Limited) in 2007, Michael was a Project Leader with the Boston Consulting Group (BCG) where he focused on the retail and financial services sectors. More recently, Michael was a part of BCG's growing Private Equity practice – which provides strategic due diligence to some of the world's biggest PE funds. Prior to his time with BCG, Michael was the Chief Financial Officer for Widevine Technologies, a security software company based in Seattle. Michael has a BA from the University of Washington and an MBA from INSEAD. He became a Partner of Albion Ventures LLP in 2010.

Ed Lascelles (35), BA (Hons), joined Albion Ventures LLP (then Close Ventures Limited) in 2004. He previously worked for ING Barings in the corporate finance department, focusing on smaller UK companies. Prior to ING Barings, Ed worked in the corporate broking department of Charterhouse Securities where he assisted in equity fundraisings and other corporate transactions for quoted UK companies. Ed graduated from UCL with a first class degree in philosophy. He became a Partner in Albion Ventures LLP in 2009.

Henry Stanford (46), MA, ACA, qualified as a chartered accountant with Arthur Andersen before joining the corporate finance department of Close Brothers Group PLC in 1992, becoming an assistant director in 1996. He moved to Albion Ventures LLP (then Close Ventures Limited) in 1998. Henry became a Partner in Albion Ventures in 2009. He holds an MA degree in Classics from Oxford University.

Robert Whitby-Smith (36), BA (Hons), MSI, ACA. After graduating in History at Reading University, Robert qualified as a chartered accountant at KPMG and subsequently worked in corporate finance at Credit Suisse First Boston and ING Barings. Since joining in 2005, Robert has assisted in the workout of three VCT portfolios (Murray VCT PLC, Murray VCT 2 PLC and Murray VCT 3 PLC now renamed Crown Place VCT PLC), formerly managed by Aberdeen Murray Johnson, and is responsible for investments in the leisure, manufacturing and technology sectors. Robert became a Partner in Albion Ventures LLP in 2009.

Marco Yu (33), MPhil, MA, MRICS, spent two and a half years 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 Albion Ventures LLP (then Close Ventures Limited) in 2007 and became an investment manager in Albion Ventures LLP in 2009. Marco graduated from Cambridge University with a first class degree in Economics and is a Chartered Surveyor.

Portfolio of investments

The following is a summary of qualifying fixed asset investments as at 31 March 2011:

			As at 31 March 2011			As at 31 March 2010			
Qualifying portfolio	% voting rights	% voting rights of AVL* managed companies	Cost £'000	Cumulative movement in value £'000	Value £'000	Cost £'000	Cumulative movement in value £'000	Value £'000	Change in value for the year** £'000
Asset-backed investments									
Bravo Inns II Limited	14.5	50.0	**1,794**	**(64)**	**1,730**	1,455	(48)	1,407	**(16)**
Radnor House School Limited	9.8	50.0	**1,000**	**27**	**1,027**	–	–	–	**27**
Taunton Hospital Limited	15.8	50.0	**1,000**	**3**	**1,003**	1,000	–	1,000	**3**
Nelson House Hospital Limited	19.0	50.0	**1,000**	**–**	**1,000**	–	–	–	**–**
Alto Prodotto Limited	50.0	50.0	**1,000**	**–**	**1,000**	–	–	–	**–**
Greenenerco Limited	50.0	50.0	**1,000**	**–**	**1,000**	–	–	–	**–**
Regenerco Renewables Limited	39.7	50.0	**999**	**–**	**999**	–	–	–	**–**
TEG Biogas (Perth) Limited	32.9	50.0	**953**	**–**	**953**	–	–	–	**–**
The Street by Street Solar Programme Limited	21.5	50.0	**860**	**–**	**860**	–	–	–	**–**
Orchard Portman Hospital Limited	10.2	50.0	**664**	**3**	**667**	664	–	664	**3**
Bravo Inns Limited	8.4	50.0	**750**	**(311)**	**439**	750	(350)	400	**39**
The Charnwood Pub Company VCT Limited	1.2	50.0	**290**	**(117)**	**173**	290	(98)	192	**(19)**
AVESI Limited	21.5	50.0	**172**	**–**	**172**	–	–	–	**–**
CS (Norwich) Limited	6.3	50.0	**100**	**7**	**107**	100	(14)	86	**21**
Total asset-backed investments			**11,582**	**(452)**	**11,130**	**4,259**	**(510)**	**3,749**	**58**
Growth investments									
Masters Pharmaceuticals Limited	6.2	16.9	**1,238**	**(22)**	**1,216**	–	–	–	**(22)**
Prime Care Holdings Limited	12.5	49.9	**1,016**	**(76)**	**940**	938	32	970	**(108)**
Dexela Limited	5.7	34.9	**430**	**453**	**883**	430	(108)	322	**561**
DySIS Limited	6.8	18.4	**925**	**(129)**	**796**	925	–	925	**(129)**
Mi-Pay Limited	8.1	43.1	**868**	**(98)**	**770**	746	63	809	**(161)**
Opta Sports Data Limited	2.8	14.2	**653**	**(38)**	**615**	600	10	610	**(48)**
Mirada Medical Limited	15.0	45.0	**389**	**351**	**740**	278	126	404	**225**
memmstar Limited	5.1	28.1	**384**	**49**	**433**	384	(100)	284	**149**
Oxsensis Limited	3.8	20.7	**503**	**(217)**	**286**	503	(122)	381	**(95)**
Process Systems Enterprise Limited	3.1	16.0	**295**	**(56)**	**239**	295	(148)	147	**92**
Lowcosttravelgroup Limited	1.0	26.0	**270**	**(194)**	**76**	270	(209)	61	**15**
Total growth investments			**6,971**	**23**	**6,994**	**5,369**	**(456)**	**4,913**	**479**
Total qualifying investments			**18,553**	**(429)**	**18,124**	**9,628**	**(966)**	**8,662**	**537**

* Albion Ventures LLP

** As adjusted for additions and disposals during the year.

Portfolio of investments continued

The following is a summary of non-qualifying fixed asset investments as at 31 March 2011:

			As at 31 March 2011			As at 31 March 2010			
Non-qualifying portfolio	**% voting rights**	**% voting rights of AVL* managed companies**	**Cost £'000**	**Cumulative movement in value £'000**	**Value £'000**	Cost £'000	Cumulative movement in value £'000	Value £'000	**Change in value for the year** £'000**
Green Energy Property Services Group Limited	6.5	23.4	**79**	**(39)**	**40**	177	(137)	40	**–**
Total non-qualifying investments			**79**	**(39)**	**40**	**177**	**(137)**	**40**	**–**

The following is a summary of current asset investments as at 31 March 2011:

	As at 31 March 2011			As at 31 March 2010			
Current asset investments	**Cost £'000**	**Cumulative movement in value £'000**	**Value £'000**	Cost £'000	Cumulative movement in value £'000	Value £'000	**Change in value for the year** £'000**
UBS AG floating rate note 20 May 2011	**2,500**	**7**	**2,507**	2,500	36	2,536	**(29)**
Total current asset investments	**2,500**	**7**	**2,507**	**2,500**	**36**	**2,536**	**(29)**

* Albion Ventures LLP

** As adjusted for additions and disposals during the year.

Realisations in the year to 31 March 2011	**Cost £'000**	**Opening carrying value £'000**	**Disposal proceeds £'000**	**Realised gain/(loss) £'000**	**Gain/(loss) on opening value £'000**
Geronimo Inns VCT I Limited and Geronimo Inns VCT II Limited	2,800	**3,118**	3,161	361	**43**
Green Energy Property Services Group Limited	100	**–**	–	(100)	**–**
Total realisations	**2,900**	**3,118**	**3,161**	**261**	**43**

Portfolio companies

The top ten unquoted investments by total aggregate value of equity and loan stock are shown as below:

Bravo Inns II Limited

The company was formed in September 2007 and owns and operates 15 community freehold pubs in the North of England. The pubs are seeing improving trading due to the benefits of a refurbishment programme and strong operational management.

Website: www.bravoinns.com

	Latest audited results year to 31 March 2010 (abbreviated accounts) £'000	Investment information	£'000
Net assets	1,622	Income recognised in the year	112
Basis of valuation:	Net asset value supported by third party valuation	Cost	1,794
		Valuation	1,730
		Voting rights	14.5 per cent.

Funds managed and advised by Albion Ventures LLP have invested in this company and their combined equity holding is 50 per cent.

Masters Pharmaceuticals Limited

Masters is a global healthcare solutions provider, distributing a comprehensive range of prescription drugs, medical devices and supplies in over 35 countries worldwide.

Website: www.masters-uk.com

	Unaudited management accounts to 31 December 2010 £'000	Investment information	£'000
Turnover	18,824	Income recognised in the year	36
EBITDA	367	Cost	1,238
Loss before tax	(139)	Valuation	1,216
Net assets	1,399	Voting rights	6.2 per cent.
Basis of valuation:	Price of recent investment		

Funds managed and advised by Albion Ventures LLP have invested in this company and their combined equity holding is 16.9 per cent.

Radnor House School Limited

Radnor House is London's new co-educational independent day school in Twickenham, opening in September 2011. It is located in historic buildings on the banks of the River Thames in South West London. Students are currently being admitted to the Preparatory and the Senior School.

Website: www.radnorhouse.org

		Investment information	£'000
The company was incorporated on 5 August 2010 and has not yet filed accounts at Companies House.		Income recognised in the year	11
Basis of valuation:	Cost[1]	Cost	1,000
		Valuation	1,027
		Voting rights	9.8 per cent.

Funds managed and advised by Albion Ventures LLP have invested in this company and their combined equity holding is 50.0 per cent.

[1] As adjusted for accrued interest

Taunton Hospital Limited

TAUNTON

Taunton Hospital Limited is invested in a project, alongside Orchard Portman Hospital Limited, which is converting a nursing home in Taunton, Somerset into a psychiatric hospital.

	Latest audited results year to 29 April 2010 £'000	Investment information	£'000
Turnover	–	Income recognised in the year	46
EBITDA	(88)	Cost	1,000
Loss before tax	(88)	Valuation	1,003
Net assets	528	Voting rights	15.8 per cent.
Basis of valuation:	Cost reviewed for impairment		

Funds managed and advised by Albion Ventures LLP have invested in this company and their combined equity holding is 50.0 per cent.

Nelson House Hospital Limited

Nelson House Hospital Limited has purchased a site in Gosport, Hampshire with planning permission for a 32 bed psychiatric hospital. The facility is now being built.

		Investment information	£'000
The company was incorporated on 24 June 2010 and has not yet filed accounts at Companies House.		Income recognised in the year	–
Basis of valuation:	Cost	Cost	1,000
		Valuation	1,000
		Voting rights	19.0 per cent.

Funds managed and advised by Albion Ventures LLP have invested in this company and their combined equity holding is 50.0 per cent.

Portfolio companies continued

Alto Prodotto Wind Limited

Alto Prodotto is a company created to build, own and operate medium scale (100kWp to 1500kWp) wind projects in the UK.

The company was incorporated on 2 March 2011 and has not yet filed accounts at Companies House.

Basis of valuation: Cost

Investment information	£'000
Income recognised in the year	–
Cost	1,000
Valuation	1,000
Voting rights	50 per cent.

No other funds managed and advised by Albion Ventures LLP have invested in this company.

Greenenerco Limited

Greenenerco is a company created to build, own and operate medium scale (100kWp to 1500kWp) wind projects in the UK.

The company was incorporated on 18 March 2011 and has not yet filed accounts at Companies House.

Basis of valuation: Cost

Investment information	£'000
Income recognised in the year	–
Cost	1,000
Valuation	1,000
Voting rights	50.0 per cent.

No other funds managed and advised by Albion Ventures LLP have invested in this company.

Regenerco Renewable Energy Limited

Regenerco has developed a pipeline of 1.3MW of photovoltaic installations signed to exclusivity across the UK. The properties include five commercial offices and warehouses in the Midlands, three hotels in Devon and Somerset and three offices/warehouse on the South Coast.

The company was incorporated on 5 August 2011 and has not yet filed accounts at Companies House.

Basis of valuation: Cost

Investment information	£'000
Income recognised in the year	–
Cost	999
Valuation	999
Voting rights	39.7 per cent.

Funds managed and advised by Albion Ventures LLP have invested in this company and their combined equity holding is 50.0 per cent.

TEG (Biogas) Perth Limited

TEG Perth is a new build anaerobic digestion plant. The plant has 20 year contracts to take sorted food waste which is used in methane-based electricity production, gaining income from feed-in-tariffs over 20 years.

Website: www.theteggroup.plc.uk

The company was incorporated on 12 May 2010 and has not yet filed accounts at Companies House.

Basis of valuation: Cost

Investment information	£'000
Income recognised in the year	33
Cost	953
Valuation	953
Voting rights	32.9 per cent.

Funds managed and advised by Albion Ventures LLP have invested in this company and their combined equity holding is 50.0 per cent.

Prime Care Holdings Limited

The company provides domiciliary care services in East Sussex.

Website: www.primecare.uk.com

	Latest audited results period to 31 March 2010 (abbreviated accounts) £'000
Net assets	330
Basis of valuation:	Revenue multiple

Investment information	£'000
Income recognised in the year	73
Cost	1,016
Valuation	940
Voting rights	12.5 per cent.

Funds managed and advised by Albion Ventures LLP have invested in this company and their combined equity holding is 49.9 per cent.

Net assets of a portfolio company where a recent third party valuation has taken place, may have a higher valuation in Albion Enterprise VCT PLC accounts than in their own, if portfolio companies do not have a policy of revaluing its fixed assets.

Directors' report and enhanced business review

The Directors submit their Annual Report and the audited Financial Statements on the affairs of Albion Enterprise VCT PLC (the "Company") for the year ended 31 March 2011.

BUSINESS REVIEW

Principal activity and status

The principal activity of the Company is that of a venture capital trust. It has received provisional approval by H.M. Revenue & Customs ("HMRC") as a venture capital trust in accordance with Part 6 of the Income Tax 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 31 March 2011 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 and its shares are listed on the London Stock Exchange.

The Company is no longer an investment company as defined in Section 833 of the Companies Act 2006. The Company revoked its investment company status on 23 June 2010. Under current tax legislation, shares in the Company provide tax-free capital growth and income distribution, in addition to the tax reliefs some investors would have obtained when they invested in fundraisings.

Capital structure

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 15.

The Company's share capital comprises Ordinary shares. The Ordinary shares are designed for individuals who are professionally advised private investors seeking, over the long term, investment exposure to a diversified portfolio of unquoted investments. The investments are spread over a number of sectors, to produce a regular and predictable source of income, combined with the prospect of longer term capital growth.

Ordinary shares represent 100 per cent. of the total share capital and voting rights. All Ordinary shares rank *pari passu* for dividends and voting rights. Each Ordinary share is entitled to one vote. The Directors are not aware of any restrictions on the transfer of shares or on voting rights.

The Company currently operates a Dividend Reinvestment Scheme, details of which can be found on www.albion-ventures.co.uk under the 'Our Funds' section. During the year, the Company issued 65,589 Ordinary shares under the Dividend Reinvestment Scheme, details of which can be found in note 15.

On 1 November 2010, the Company announced the launch of the Albion VCTs Linked Top Up Offer in conjunction with six other VCTs managed by Albion Ventures LLP. During the year the Company issued a total of 1,430,166 new Ordinary shares (details are shown in note 15). Since the year end, a total of 510,237 new Ordinary shares have been issued as part of this Offer (details are shown in note 21). The Offer closed on 16 May 2011.

Substantial interests and shareholder profile

As at 31 March 2011 and the date of this report, the Company is aware that UBS Private Banking Nominees Limited had a beneficial interest of 3.31 per cent. of the issued Ordinary share capital of the Company.

The Company has 1,734 shareholders and the shareholder profile of the fund as at 24 June 2011 is as follows:

Number of shares held	% number of shareholders	% share capital
1-10,000	51.73	14.88
10,001-50,000	40.77	44.93
50,001-100,000	5.47	19.27
100,001-500,000	1.96	17.61
500,001-5,000,000	0.07	3.31

The Board welcomes the views of shareholders and has actively sought shareholder opinion during the year by sending questionnaires to the shareholders of all of the Albion VCTs. Of these shareholders, 72 per cent. were satisfied or very satisfied with their returns and 47 per cent. intended to hold their shares indefinitely. Dividend yield was ranked as the most common feature that investors were looking for in a venture capital trust. A total of 64 per cent. of shareholders who responded would consider investing in future offerings from Albion Ventures. The Board wishes to thank shareholders who took part in the survey and will bear in mind the findings in their development of the Company's strategy.

Investment policy

The Company's investment strategy is to provide investors with a regular and predictable source of dividend income combined with the prospect of long term capital growth. The Company intends to achieve this by investing up to 50 per cent. of the net funds raised in an asset-backed portfolio of lower risk, ungeared businesses, principally operating in the leisure sector and related areas (the "Asset-Backed Portfolio"). The balance of the net funds raised, other than funds retained for liquidity purposes, will be invested in a portfolio of higher growth businesses across a variety of sectors of the UK economy. These will range from lower risk, income producing businesses to higher risk technology companies (the "Growth Portfolio"). In neither category would portfolio companies normally have any external borrowing with a charge ranking ahead of the VCT. Up to two thirds of qualifying investments by cost will comprise loan stock secured with a first charge on the portfolio company's assets. Funds awaiting investment in Qualifying Investments or retained for liquidity purposes will be invested in gilts, held on deposit or invested in floating rate notes, in the latter two cases with banks with a Moody's credit rating of 'A' or above.

The Company's investment portfolio will thus be structured to provide a balance between income and capital growth for the longer term. The Asset-Backed Portfolio is designed to provide stability and income whilst still maintaining the potential for capital growth. The Growth Portfolio is intended to provide highly diversified exposure through its portfolio of investments in unquoted UK companies.

Venture Capital Trust status

In addition to the investment policy 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 in 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 value of the total of the shares and securities that the Company holds in any one portfolio 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 portfolio company. The tests have been carried out and independently reviewed for the year ended 31 March 2011. The Company has complied with all relevant tests and continues to do so.

'Qualifying holdings', for Albion Enterprise 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, agriculture, and operating or managing hotels or residential care homes. The Company may not control a portfolio company.

Portfolio company gross assets must not exceed £7 million immediately prior to the investment and £8 million immediately thereafter and there is an annual investment limit of £1 million in each company.

Gearing

As defined by 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. As at 31 March 2011, the Company's maximum exposure was £2,753,000 (2010: £2,676,000) and its actual short term and long term gearing at this date was £nil (2010: £nil). The Directors do not currently have any intention to utilise short term or long term gearing.

Current portfolio sector allocation

The pie chart on page 8 of the Manager's report shows the split of the portfolio valuation by industrial or commercial sector as at 31 March 2011. Details of the principal investments made by the Company are shown in the Portfolio of investments section on pages 11 and 12.

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 pages 6 and 7 and Manager's report on page 8. Details of significant events which have occurred since the end of the financial year are listed in note 21 and the Manager's report. Details of related party transactions are shown in note 22.

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.

Directors' report and enhanced business review continued

Operational arrangements
The Company has delegated the investment management of the portfolio to Albion Ventures LLP, which is authorised and regulated by the Financial Services Authority. Albion Ventures LLP 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 19.

Results and dividends

	£'000
Net revenue return for the year ended 31 March 2011	373
Revenue dividend of 1.5p per share paid on 7 August 2010	(481)
Revenue dividend of 1.5p per share paid on 28 February 2011	(436)
Transfer from special reserve for the year ended 31 March 2011	917
Transferred to revenue reserve	373
Net assets as at 31 March 2011	27,533
Net asset value per share as at 31 March 2011 (pence)	87.13

The Company paid dividends of 3.0 pence per share (2010: 2.0 pence per share) during the year ended 31 March 2011.

As described in the Chairman's statement, the Board has declared a dividend of 1.5 pence per share payable on 31 August 2011 to shareholders on the register as at 5 August 2011.

As shown in the Company's Income statement on page 29 of the Financial Statements, the investment income has increased to £852,000 (2010: £733,000). This is a result of an increase in loan stock interest charged to the portfolio companies and an increase in bank interest received. This has resulted in the revenue return to equity holders increasing to £373,000 (2010: £305,000).

The capital return for the year was £204,000 (2010: £131,000), mainly attributable to an increase in unrealised revaluations of the Company's investments.

The total return per share was 1.90 pence per share (2010: 1.44 pence per share).

The Balance sheet on page 30 of the Financial Statements shows that the net asset value per share has decreased over the last year to 87.13 pence per share (2010: 88.25 pence per share) as the revenue and capital returns have been slightly less than the dividends paid during the year.

Cash flow for the business has been negative for the year, largely reflecting new investment activity and dividends paid, offset by disposal proceeds and the issue of share capital.

Share buy-backs
The Company operates a policy of buying back shares either for cancellation or for holding in treasury. Details regarding the current discount policy and constraints can be found on page 6 of the Chairman's statement.

Key Performance Indicators
The Directors believe that the following Key Performance Indicators are the most important for the business.

The graph on page 4 shows Albion Enterprise VCT PLC's net asset value return against the FTSE All-Share Index return, in both instances with dividends reinvested. Details on the performance of the net asset value and return per share for the year are shown above.

The total expense ratio for the year to 31 March 2011 was 3.13 per cent. (2010: 3.18 per cent.).

The Company continues to comply with HMRC rules in order to maintain its status under Venture Capital Trust legislation as highlighted on page 16.

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 reduces 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 its strong track record for investing in this segment of the market. In addition, the Manager operates a formal and structured investment process, which includes an Investment Committee, comprising investment professionals from the Manager and at least one external investment professional. The Manager also invites comments from all non-executive Directors on investments discussed at the Investment Committee meetings. Investments are actively and regularly monitored by the Manager (investment managers normally sit on portfolio 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 Company's 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 a team with 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 advisers. PricewaterhouseCoopers LLP reports 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 experience of operating at senior levels within quoted businesses. In addition, the Board and the Manager receive regular updates on new regulation from the auditor, 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 Manager's internal auditor, Littlejohn LLP, at least once a year, 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. During the year the Audit Committee met with the partner of Littlejohn LLP responsible for the internal audit of Albion Ventures LLP to discuss the most recent Internal Audit Report completed on the Manager. 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 25.

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 Albion Ventures LLP 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 19). In addition, the Manager has demonstrated to the Board that there is no undue reliance placed upon any one individual within Albion Ventures LLP.

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 19 to the 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 for speculative purposes.

Environment

The management and administration of Albion Enterprise VCT PLC is undertaken by the Manager. Albion Ventures LLP 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 the introduction of electronic shareholder communications, and recycling and reducing energy consumption as shown in the financial statements of Albion Ventures LLP.

Employees

The Company is managed by Albion Ventures LLP 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 (together with those of their immediate family) are shown below:

	31 March 2011 (number of shares)	31 March 2010 (number of shares)
Maxwell Packe	**118,833**	102,100
Lady Balfour of Burleigh	**13,754**	10,350
Lord St. John of Bletso	**20,700**	20,700
Patrick Reeve	**50,938**	41,551

In addition, staff and partners of Albion Ventures LLP hold a total of 198,293 shares in the Company as at 31 March 2011. There have been no changes to the Directors interest since the year end.

Patrick Reeve, as managing partner of Albion Ventures LLP, is deemed to have an interest in the management agreement and management performance incentive to which the Company is party.

No options over the share capital, long term incentive or retirement benefits of the Company have been granted to the Directors personally, nor does the Company make a contribution to any pension scheme on behalf of the Directors. Further details regarding Directors' remuneration are shown on page 27.

Directors' indemnity

Each Director has entered into a Deed of Indemnity with the Company which indemnifies each Director, subject to the provisions of the Companies Act 2006 and the limitations set out in each deed, against any liability arising out of any claim made against him in relation to the performance of his duties as a Director of the Company. A copy of each Deed of Indemnity entered into by the Company for each Director is available at the Registered Office of the Company.

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, Lord St. John of Bletso and Patrick Reeve will retire and offer themselves for re-election.

Management agreement

Under the Management agreement, the Manager provides investment management, secretarial and administrative services to the Company. The Management agreement can be terminated by either party on 12 months' notice. The Management agreement is subject to earlier termination in the event of certain breaches or on the insolvency of either party. The Manager is paid an annual fee equal to 2.5 per cent. of the net asset value of the Company. The fee is payable quarterly in arrears. Under the terms of the management agreement, total annual expenses, including the management fee, are limited to 3.5 per cent. of the net asset value.

In line with common practice, the Manager is also entitled to an arrangement fee, payable by each portfolio company, of approximately 2 per cent. on each investment made.

Management performance incentive

In order to provide the Manager with an incentive to maximise the return to investors, the Company has entered into a management performance incentive arrangement. Under the incentive arrangement, the Company will pay an incentive fee to the Manager of an amount equal to 20 per cent. of the excess return that is calculated for each financial year.

The minimum target level, comprising dividends and net asset value, will be equivalent to an annualised rate of return of the average base rate of the Royal Bank of Scotland plc plus 2 per cent. per annum on the original subscription price of £1. Any shortfall of the target return will be carried forward into subsequent periods and the incentive fee will only be paid once all previous and current target returns have been met.

Directors' report and enhanced business review continued

Evaluation of the Manager

The Board has evaluated the performance of the Manager based on the returns generated by the Company, progress on reaching the 70 per cent. investment requirement for Venture Capital Trust status, the long term prospects of investments, a review of the management agreement and the services provided therein, and benchmarking the performance and remuneration of the Manager to other service providers. 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 for the forthcoming year.

Valuation of investments

As described in note 2 of the Financial Statements, the unquoted equity, convertible loan stock and debt issued at a discount 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. These 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. All other unquoted loan stock is measured at amortised cost.

Investment and co-investment

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

Auditor

The current auditor, PKF (UK) LLP, has indicated its willingness to continue as auditor to Albion Enterprise VCT PLC. A resolution to re-appoint PKF (UK) LLP as auditor will be proposed at the Annual General Meeting on 21 July 2011.

Supplier payment policy

The Company's policy is to pay all supplier invoices within 30 days of the invoice date, or as otherwise agreed. The creditor days as at 31 March 2011 were 3 days (2010: nil). Trade creditors at 31 March 2011 were £7,139 (2010: nil).

Annual General Meeting

The Annual General Meeting will be held at The City of London Club, 19 Old Broad Street, London, EC2N 1DS at 12.30 p.m. on 21 July 2011. The notice of the Annual General Meeting is at the end of this document.

The proxy form enclosed with this Annual Report and Financial Statements permits shareholders to disclose votes 'for', 'against', and 'withheld'. 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.

Summary of proxies lodged at the Annual General Meeting will be published at www.albion-ventures.co.uk within the 'Our Funds' section by clicking on Albion Enterprise 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.

Electronic and web communications

Ordinary resolution number 7 will request authority to send all documents, notices and information to shareholders by electronic means (as such term is defined in the Financial Services Authority's Disclosure and Transparency Rules) including by means of a website and in all electronic forms.

With effect from 20 January 2007 the Companies Act 2006 introduced new provisions enabling companies to communicate with shareholders by electronic and/or website communication. A company is allowed to send documents to a shareholder in electronic form (subject to consent of the shareholders) via a website. Before the Company can communicate with a shareholder by means of website communication:

(a) an ordinary resolution of the shareholders of the Company authorising the use of electronic communications is required under the Financial Services Authority's Disclosure and Transparency Rules; and

(b) the relevant shareholder must be asked individually by the Company to agree that the Company may send or supply documents or information to him or her by means of a website.

Directors' report and enhanced business review continued

The Company must have received a positive response in order for consent to electronic communications to have been given. The Company will notify the shareholder (either by post, or by other permitted means) when a relevant document or information is placed on the website and a shareholder retains the right to request a hard copy version of the document or information.

These new provisions should lead to administrative cost savings in the future and the Company plans to contact shareholders individually for their consent to receive communications from the Company via its website or to elect to receive communications either electronically or in hard copy.

Power to allot shares
Ordinary resolution number 8 will request the authority for the Directors to allot up to an aggregate nominal amount of £1,619,174 representing approximately 10 per cent. of the issued Ordinary share capital of the Company as at 24 June 2011.

The Directors do not currently have any intention to allot shares, with the exception of the Dividend Reinvestment Scheme, any top up offer outside the provisions of the Prospectus Rules and reissuing treasury shares where it is in the Company's interest to do so.

The Company currently holds 274,010 Ordinary treasury shares representing 0.8 per cent. of the total Ordinary share capital in issue as at the date of this Report.

This resolution replaces the authority given to the Directors at the Annual General Meeting in 2010. The authority sought at the forthcoming Annual General Meeting will expire 18 months from the date this resolution is passed or at the conclusion of the next Annual General Meeting of the Company, whichever is earlier.

Dis-application of pre-emption rights
Special resolution number 9 will request authority for the Directors to allot equity securities for cash without first being required to offer such securities to existing members. This will include the sale on a non pre-emptive basis of any shares the Company holds in treasury for cash. The authority relates to up to £1,619,174 of nominal capital representing 10 per cent. of the issued Ordinary share capital of the Company as at 24 June 2011.

The authority sought at the forthcoming Annual General Meeting will expire 18 months from the date this resolution is passed or at the conclusion of the next Annual General Meeting of the Company, whichever is earlier. Members will note that this resolution also applies to treasury shares.

Purchase of own shares
Special resolution number 10 will request authority for the Company to purchase approximately 14.99 per cent. of the Company's issued Ordinary share capital at, or between, the minimum and maximum prices specified in resolution 10. 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.

The authority sought at the Annual General Meeting will expire 18 months from the date this resolution is passed or at the conclusion of the next Annual General Meeting of the Company, whichever is earlier.

During the year, the Company purchased 219,043 Ordinary shares for treasury at an aggregate consideration of £168,000 representing 0.7 per cent. of the issued share capital as at 31 March 2010. The Company did not purchase any shares for cancellation during the year.

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 these resolutions is intended to apply equally to shares to be held by the Company as treasury shares in accordance with the Regulations.

Special resolution number 11 will request the authority for Directors to sell treasury shares at the higher of the prevailing share price and the price at which they were bought in.

Recommendation
Your Board believes that the passing of the resolutions proposed at the Annual General Meeting are in the best interests of the Company and its shareholders as a whole, and unanimously recommends that you vote in favour of all the proposed resolutions, as the Directors intend to do in respect of their own beneficial shareholdings of 204,225 shares.

Directors' report and enhanced business review continued

Statement of Directors' responsibilities
The Directors are responsible for preparing the Directors' report and enhanced business review, the Directors' remuneration report and the Financial Statements in accordance with applicable law and regulations. They are also responsible for ensuring that the Annual Report includes information required by the Listing Rules of the Financial Services Authority.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law, the Directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these Financial Statements the Directors (who are listed on page 2) are required to:

- select suitable accounting policies and then apply them consistently;

- make judgements and estimates that are reasonable and prudent;

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and

- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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.

The Directors confirm, to the best of their knowledge that:

- the Financial Statements, which have been prepared in accordance with UK Generally Accepted Accounting Practice, 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 enhanced business review include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

Disclosure of information to auditor
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 auditor is unaware; and

- each of the Directors has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This disclosure is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

By Order of the Board

Albion Ventures LLP
Company Secretary
1 King's Arms Yard
London EC2R 7AF
24 June 2011

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 and June 2008.

The Board of Albion Enterprise 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 Albion Enterprise 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 than reporting under the Code alone.

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 solely of non-executive Directors. Since all 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.

Maxwell Packe is the Chairman. Maxwell Packe, Lord St. John of Bletso and Lady Balfour of Burleigh are considered independent Directors. The Board has appointed Lord St. John of Bletso as the Senior Independent Director. Patrick Reeve is not considered an independent Director as he is the managing partner of Albion Ventures LLP, the Manager.

The Directors have a range of business and financial skills which are 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 by the Manager, who is responsible for ensuring that Board procedures are followed and applicable procedures 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 as part of its regular programme of Board meetings. All of the Directors attended each meeting. A sub-committee of the Board comprising Lord St. John of Bletso and Patrick Reeve met during the year to allot shares issued under the Dividend Reinvestment Scheme.

In addition, a sub-committee of the Board comprising two Directors met to finalise matters relating to the Albion VCTs Linked Top Up Offer, to allot shares under the Offer and to approve revisions to the Company's investment allocation agreement that arose as a result of Albion Ventures LLP being appointed to manage Spark VCT PLC and Spark VCT 2 PLC.

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 custodial services, 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 control;
- 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;
- share buy-back and treasury policy; 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.

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.

Lord St. John of Bletso and Patrick Reeve will be proposed for re-election at the Annual General Meeting. As a result of the performance evaluation process, they are considered to be effective and demonstrate strong commitment to the role; on this basis, the Board believes it to be in the best interest of the Company to reappoint these Directors at the forthcoming Annual General Meeting.

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 Patrick Reeve. Lord St. John of Bletso 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 31 March 2011 and 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 Auditor annually, approving its appointment, reappointment, remuneration, terms of engagement, providing an ongoing review of Auditor independence and objectivity and reviewing the effectiveness of the audit process;
- developing and implementing a policy for the supply of non-audit services by the external Auditor;
- meeting the external Auditor at least once a year without the presence of the Manager;
- meeting with the internal auditor of the Manager when appropriate;
- ensuring that all Directors of the Company, and staff of the Manager feel able to raise issues 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, and following the year under review, the Committee discharged the responsibilities described above. Its activities included:

- formally reviewing the final Annual Report and Financial Statements, the Half-yearly Report, the Interim Management Statements and the associated announcements, with particular focus on the main areas requiring judgement and on critical accounting policies;
- reviewing the effectiveness of the internal controls system and examination of the Internal Controls Report produced by the Manager;
- meeting with the partner in charge of Albion Ventures' internal audit at Littlejohn LLP;
- meeting with the external Auditor and reviewing its findings; and

- reviewing the performance of the Manager and making recommendations regarding its reappointment to the Board.

The Committee reviews the performance and continued suitability of the Company's external Auditor on an annual basis. They assess the external Auditor's independence, qualification, extent of relevant experience, effectiveness of audit procedures as well as the robustness of its quality assurance procedures. In advance of each audit, the Committee obtains confirmation from the external Auditor that it is independent and of the level of non-audit fees earned by it and its affiliates. There were no non-audit fees charged to the Company during the year.

Where non-audit fee levels are considered significant, the Committee considers the appropriateness of the independence safeguards put in place by the Auditor. Note 6 details the total fees paid to PKF (UK) LLP in the financial year to 31 March 2011. The Committee considers PKF (UK) LLP to be independent of the Company, and that the provision of non-audit services does not threaten the objectivity and independence of the audit. As part of its annual review procedures, the Committee has obtained sufficient assurance from their own evaluation and the audit feedback documentation. Based on the assurance obtained, the Committee has recommended to the Board that PKF (UK) LLP is reappointed and that a resolution to this effect be proposed at the forthcoming Annual General Meeting.

Nomination Committee
The Nomination Committee consists of all Directors, apart from Patrick Reeve, with Maxwell Packe as Chairman. The terms of reference of the Nomination Committee are to evaluate the balance of skills, experience and time commitment of the current Board members and make recommendations to the Board as and when a particular appointment arises. The Nomination Committee did not meet during the year and will meet when it is appropriate to do so.

It is the policy of the Company that all of the Directors are nominated for re-election every three years and that Directors who have served the Company for more than nine years and non-independent Directors are subject to annual re-election. The next re-election is at the Annual General Meeting on 21 July 2011. The terms and conditions of Directors' appointment are available for inspection at the Annual General Meeting.

Internal Control
In accordance with principle C.2 of the Combined Code, the Board has an established 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 2005 (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 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.

The main features of the internal control system with respect to financial reporting, implemented throughout the year are:

- segregation of duties between the preparation of valuations and recording into accounting records;
- independent valuations of the asset-backed investments within the portfolio are undertaken annually;
- reviews of valuations are carried out by the Managing Partner and reviews of financial reports are carried out by the Operations Partner of Albion Ventures LLP;
- bank and stock reconciliations are carried out monthly by the Manager in accordance with the FSA requirements;
- all published financial reports are reviewed by Albion Ventures LLP Compliance department;
- the Board reviews financial information; and
- a separate Audit Committee of the Board reviews published financial information.

During the year, as the Board has delegated the investment management and administration to Albion Ventures LLP, the Board feels that it is not necessary to have its own internal audit function. Instead, the Board has access to Littlejohn LLP, which, as internal auditor for Albion Ventures LLP,

Statement of corporate governance continued

undertakes periodic examination of the business processes and controls environment at Albion Ventures LLP, as well as ensuring that any recommendations to implement improvements in controls are carried out. Littlejohn LLP report formally to the Board of Albion Enterprise VCT PLC 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
In accordance with ‘Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009’ issued by the Financial Reporting Council, the Board has assessed the Company’s operation as a going concern. The Company has significant cash and liquid resources. The portfolio of investments is well diversified in terms of sector, and the major cash outflows of the Company (namely investments, buy-backs and dividends) are within the Company’s control. Accordingly, after making diligent 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.

The Board’s assessment of liquidity risk and details of the Company’s policies for managing its capital and financial risks are shown in note 19. The Company’s business activities, together with details of its performance are shown in the Directors’ report and enhanced business review.

Conflicts of interest
Directors review the disclosure of conflicts of interest annually, with any changes reviewed and noted at the beginning of Board meetings. A Director who has conflicts of interest has two independent Directors authorise those conflicts. Procedures to disclose and authorise conflicts of interest have been adhered to throughout the year.

Capital structure and Articles of Association
Details regarding the Company’s capital structure, substantial interests and Directors’ powers to buy and issue shares are detailed in full on pages 15, 20 and 21 of the Directors’ report and enhanced business review. The Company is not party to any significant agreements that may take effect, alter or terminate upon a change of control of the Company following a takeover bid.

Any amendments to the Company’s Articles of Association are by way of a special resolution subject to ratification by shareholders.

Relationships with shareholders
The Company’s Annual General Meeting on 21 July 2011 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, are 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 a portfolio company.

Shareholders are able to access the latest information on the Company via the Albion Ventures LLP website www.albion-ventures.co.uk under the ‘Our Funds’ section.

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

Tel: 0871 664 0300
Calls cost 10p per minute plus network extras (lines are open 8.30am – 5.30pm, Mon–Fri)
Email: ssd@capitaregistrars.com

Specific enquiries relating to the performance of the Fund should be directed to Albion Ventures LLP:

Tel: 020 7601 1850
(calls may be recorded, lines are open 9.00am – 5.30pm, Mon-Fri)
Email: info@albion-ventures.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 requirement to have a Remuneration Committee, the Directors consider that the Company has complied throughout the year ended 31 March 2011 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.

By Order of the Board

Maxwell Packe
Chairman
24 June 2011

Directors' remuneration report

Introduction

This report is submitted in accordance with Section 420 of the Companies Act 2006. 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 Directors' remuneration. As required by the Act, a resolution to approve the report will be proposed at the Annual General Meeting.

UNAUDITED INFORMATION

Since the Company's Board consists solely of non-executive Directors and there are no executive employees, a Remuneration Committee is not considered necessary.

Directors' remuneration policy

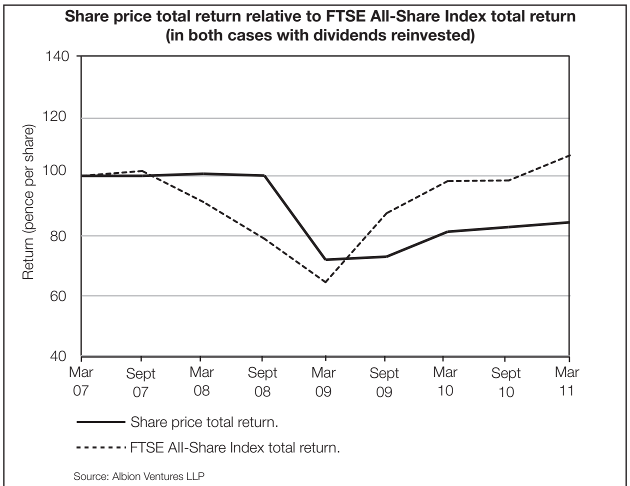
The Company's policy is that fees payable to non-executive Directors should reflect their expertise, responsibilities and time spent on Company matters. In determining the level of non-executive remuneration, market equivalents are considered in comparison to the overall activities and size of the Company.

The maximum level of non-executive Directors' remuneration is fixed by the Company's Articles of Association, not to exceed £100,000 per annum; amendment to this is by way of a special resolution subject to ratification by shareholders.

Performance graph

The graph below shows Albion Enterprise VCT PLC's share price return against the FTSE All-Share Index total return, in both instances with dividends reinvested. The Directors consider this to be the most appropriate benchmark. 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 that follows:



Methodology: The share price return to the shareholder, including original amount invested (rebased to 100) from launch, assuming that dividends were re-invested at the share price of the Company at the time the shares were quoted ex-dividend. Transaction costs are not taken into account.

The Company's Articles of Association provide for the resignation and, if approved, re-election of the Directors every three years at the Annual General Meeting. At the forthcoming Annual General Meeting, Lord St. John of Bletso and Patrick Reeve will retire and be proposed for re-election.

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:

	2011 Fees £'000	2010 Fees £'000
Maxwell Packe	**20**	20
Lady Balfour of Burleigh	**18**	18
Lord St. John of Bletso	**18**	18
Albion Ventures LLP (for Patrick Reeve's services)	**18**	18
	74	74

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.

No Director has a contract with the Company.

Each Director of the Company was remunerated personally, through the Manager's payroll recharged to the Company, save for Patrick Reeve whose services are provided by Albion Ventures LLP.

In addition to Directors' remuneration, the Company pays annual premiums in respect of Directors' & Officers' Liability Insurance of £9,807 (2010: £9,135).

By order of the Board

Albion Ventures LLP
Company Secretary
1 King's Arms Yard
London EC2R 7AF
24 June 2011

Independent Auditor's report to the members of Albion Enterprise VCT PLC

We have audited the Financial Statements of Albion Enterprise VCT Plc for the year ended 31 March 2011 which comprise the Income statement, the Balance sheet, the Reconciliation of movements in shareholders' funds, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2011 and of its return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Directors' report and enhanced business review for the financial year for which the financial statements are prepared is consistent with the Financial Statements; and
- the information given in the Statement of corporate governance in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook issued by the Financial Services Authority (information about internal control and risk management systems in relation to financial reporting processes and about share capital structures) is consistent with the Financial Statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Financial Statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 26, in relation to going concern; and
- the part of the Statement of corporate governance relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Rhodri Whitlock
(Senior statutory auditor)
for and on behalf of PKF (UK) LLP, Statutory auditor
London, UK
24 June 2011

Income statement

		Year ended 31 March 2011			Year ended 31 March 2010		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Profits on investments	3	–	588	588	–	547	547
Investment income	4	852	–	852	733	–	733
Investment management fees	5	(168)	(505)	(673)	(168)	(505)	(673)
Other expenses	6	(190)	–	(190)	(177)	–	(177)
Return on ordinary activities before tax		**494**	**83**	**577**	388	42	430
Tax (charge)/credit on ordinary activities	8	(121)	121	–	(83)	89	6
Return attributable to shareholders		**373**	**204**	**577**	305	131	436
Basic and diluted return per share (pence)*	10	**1.23**	**0.67**	**1.90**	1.01	0.43	1.44

*excluding treasury shares

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 Companies' Statement of Recommended Practice.

The accompanying notes on pages 33 to 45 form an integral part of these Financial Statements.

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 return on ordinary activities before tax and the historical return 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	31 March 2011 £'000	31 March 2010 £'000
Fixed asset investments	11	**18,164**	11,908
Current assets			
Trade and other debtors	13	**144**	111
Current asset investments	13	**2,507**	2,536
Cash at bank	17	**7,002**	12,281
		9,653	14,928
Creditors: amounts falling due within one year	14	**(284)**	(78)
Net current assets		**9,369**	14,850
Net assets		**27,533**	26,758
Capital and reserves			
Called up share capital	15	**15,937**	15,189
Share premium		**535**	–
Unrealised capital reserve		**(518)**	(797)
Special reserve		**11,987**	13,473
Treasury shares reserve		**(207)**	(39)
Realised capital reserve		**(874)**	(1,368)
Revenue reserve		**673**	300
Total equity shareholders' funds		**27,533**	26,758
Basic and diluted net asset value per share (pence)*	16	**87.13**	88.25

*excluding treasury shares

The accompanying notes on pages 33 to 45 form an integral part of these Financial Statements.

These Financial Statements were approved by the Board of Directors, and authorised for issue on 24 June 2011 and were signed on its behalf by

Maxwell Packe
Chairman

Company number 05990732

Reconciliation of movements in shareholders' funds

	Called-up share capital £'000	Share premium £'000	Unrealised capital reserve* £'000	Special reserve* £'000	Treasury shares reserve* £'000	Realised capital reserve* £'000	Revenue reserve* £'000	Total £'000
As at 1 April 2010	15,189	–	(797)	13,473	(39)	(1,368)	300	26,758
Issue of share capital	748	535	–	–	–	–	–	1,283
Capitalised investment management fees	–	–	–	–	–	(505)	–	(505)
Tax relief on costs charged to capital	–	–	–	–	–	121	–	121
Purchase of own treasury shares	–	–	–	–	(168)	–	–	(168)
Net realised gains on investments	–	–	–	–	–	91	–	91
Unrealised gains on fixed and current asset investments	–	–	497	–	–	–	–	497
Transfer of previously unrealised losses on sale of investments	–	–	(218)	–	–	218	–	–
Revenue return attributable to shareholders	–	–	–	–	–	–	373	373
Dividends paid	–	–	–	–	–	–	(917)	(917)
Transfer from Special reserve to realised capital reserve	–	–	–	(569)	–	569	–	–
Transfer from Special reserve to Revenue reserve	–	–	–	(917)	–	–	917	–
As at 31 March 2011	**15,937**	**535**	**(518)**	**11,987**	**(207)**	**(874)**	**673**	**27,533**

	Called-up share capital £'000	Unrealised capital reserve* £'000	Special reserve* £'000	Treasury shares reserve* £'000	Realised capital reserve* £'000	Revenue reserve* £'000	Total £'000
As at 1 April 2009	15,180	(1,681)	13,473	(31)	(614)	601	26,928
Issue of share capital	9	–	–	–	–	–	9
Capitalised investment management fees	–	–	–	–	(505)	–	(505)
Tax relief on costs charged to capital	–	–	–	–	89	–	89
Purchase of own treasury shares	–	–	–	(8)	–	–	(8)
Net realised gains on investments	–	–	–	–	198	–	198
Unrealised gains on investments	–	349	–	–	–	–	349
Transfer of previously unrealised losses on sale of investments	–	536	–	–	(536)	–	–
Revenue return attributable to shareholders	–	–	–	–	–	305	305
Dividends paid	–	–	–	–	–	(606)	(606)
As at 31 March 2010	**15,189**	**(797)**	**13,473**	**(39)**	**(1,368)**	**300**	**26,758**

The special reserve allows the Company, amongst other things, to facilitate the payment of dividends earlier than would otherwise have been possible as transfers can be made from this reserve to the realised capital reserve to offset gross losses on disposal of investments. Accordingly, a transfer of £569,000 representing gross realised losses on disposal of investments from launch to 31 March 2011 has been made from the special reserve to the realised capital reserve.

In addition, a transfer of £917,000 representing the dividend payment made from revenue reserve has been made from the special reserve to the revenue reserve.

* Included within the aggregate of these reserves is an amount of £11,061,000 (2010: £11,569,000) which is considered distributable. The special reserve has been treated as distributable in determining the amounts available for distribution.

Cash flow statement

	Note	Year ended 31 March 2011 £'000	Year ended 31 March 2010 £'000
Operating activities			
Investment income received		**767**	626
Deposit interest received		**150**	136
Investment management fees paid		**(670)**	(890)
Other cash payments		**(170)**	(229)
Net cash flow from operating activities	18	**77**	(357)
Taxation			
UK corporation tax		**6**	(134)
Capital expenditure and financial investments			
Purchase of fixed asset investments		**(8,737)**	(5,644)
Disposal of fixed asset investments		**3,161**	–
Net cash flow from investing activities		**(5,576)**	(5,644)
Management of liquid resources			
Purchase of current asset investments		**(3,009)**	(4,399)
Disposal of current asset investments		**3,054**	14,108
Net cash flow from liquid resources		**45**	9,709
Equity dividends paid (net of cost of shares issued under the Dividend Reinvestment Scheme)		**(861)**	(597)
Net cash flow before financing		**(6,309)**	2,977
Financing			
Issue of ordinary share capital		**1,210**	–
Purchase of own shares	15	**(164)**	(15)
Expenses of issue of ordinary share capital		**(16)**	–
Net cash flow from financing		**1,030**	(15)
Cash flow in the year	17	**(5,279)**	2,962

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 and Venture Capital Trusts" ("SORP") issued by the Association of Investment Companies ("AIC") in January 2009. Accounting policies have been applied consistently in current and prior periods.

2. Accounting policies

Fixed and current asset investments

Quoted and unquoted equity investments, debt issued at a discount and convertible bonds

In accordance with FRS 26 "Financial Instruments Recognition and Measurement", quoted and unquoted equity, debt issued at a discount and convertible bonds are designated as fair value through profit or loss ("FVTPL"). Investments listed on recognised exchanges are valued at the closing bid prices at the end of the accounting period. Unquoted investments' fair value is determined by the Directors in accordance with the September 2009 International Private Equity and Venture Capital Valuation Guidelines (IPEVCV guidelines).

Desk top reviews are carried out by independent RICS qualified surveyors by updating previously prepared full valuations for current trading and market indices. Full valuations are prepared by similarly qualified surveyors but in full compliance with the RICS Red Book.

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 AIC SORP and 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 will be reflected in the unrealised capital reserve.

Warrants and unquoted equity derived instruments

Warrants 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 (excluding convertible bonds and debt issued at a discount) are classified as loans and receivables as permitted by FRS 26 and carried at amortised cost using the Effective Interest Rate method less impairment. Movements in amortised cost relating to interest income are reflected in the revenue column of the Income statement, and hence are reflected in the revenue reserve, and 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.

For all unquoted loan stock, whether fully performing, re-negotiated, past due or impaired, the Board considers that the fair value is equal to or greater than the security value of 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 original effective interest rate. The future cash flows are estimated based on the fair value of the security less the estimated selling costs.

Floating rate notes

In accordance with FRS 26, floating rate notes are designated as fair value through profit or loss. 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.

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 portfolio 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 associated undertakings.

Investment income

Unquoted equity income

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

Unquoted loan stock and other preferred income

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. Income which is not capable of being received within a reasonable period of time is reflected in the capital value of the investment.

Bank interest income

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

Notes to the Financial Statements continued

2. Accounting policies (continued)

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 expenses

All expenses have been accounted for on an accruals basis. 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.

Performance incentive fee

In the event that a performance incentive fee crystallises, the fee will be allocated between revenue and realised capital reserves based upon the proportion to which the calculation of the 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 Directors have considered the requirements of FRS 19 and do not believe that any provision for deferred tax should be made.

Reserves

Unrealised capital reserve

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

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.

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.

Realised capital reserve

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

- dividends paid to equity holders.

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. Profits on investments

	Year ended 31 March 2011 £'000	Year ended 31 March 2010 £'000
Unrealised gains on fixed asset investments held at fair value through profit or loss account	**405**	425
Unrealised reversals of impairments/(impairments) on investments held at amortised cost	**121**	(112)
Unrealised gains on fixed asset investments	**526**	313
Unrealised (losses)/gains on current asset investments held at fair value through profit or loss account	**(29)**	36
Unrealised gains sub-total	**497**	349
Realised gains on fixed asset investments held at fair value through profit or loss account	**43**	–
Realised gains on current asset investments held at fair value through profit or loss account	**48**	198
Realised gains sub-total	**91**	198
	588	547

Investments measured at amortised cost are unquoted loan stock investments as described in note 2.

4. Investment income

	Year ended 31 March 2011 £'000	Year ended 31 March 2010 £'000
Income recognised on investments held at fair value through profit or loss		
Floating rate note interest	**70**	145
Income recognised on investments held at amortised cost		
Return on loan stock investments	**618**	402
Bank deposit interest	**164**	135
Euro commercial paper interest	**–**	51
	782	588
	852	733

Interest income earned on impaired investments at 31 March 2011 amounted to £6,000 (2010: £39,000). These investments are measured at amortised cost.

5. Investment management fees

	Year ended 31 March 2011 £'000	Year ended 31 March 2010 £'000
Investment management fee charged to revenue	**168**	168
Investment management fee charged to capital	**505**	505
	673	673

Further details of the management agreement under which the investment management fee is paid are given in the Directors' report and enhanced business review on page 19.

Notes to the Financial Statements continued

6. Other expenses

	Year ended 31 March 2011 £'000	Year ended 31 March 2010 £'000
Directors' fees and associated costs (inclusive of NI/VAT)	**82**	84
Auditor's remuneration for statutory audit services (inclusive of VAT)	**26**	24
Other administrative expenses	**82**	69
	190	177

7. Directors' fees and associated costs

The amounts paid to Directors during the year are as follows:

	Year ended 31 March 2011 £'000	Year ended 31 March 2010 £'000
Directors' fees	**74**	74
National Insurance and/or VAT	**7**	8
Expenses	**1**	2
	82	84

Expenses charged relate to travel expenses in furtherance of their duties as Directors. Further information regarding Directors' remuneration can be found in the Directors' remuneration report on page 27.

8. Tax (charge)/credit on ordinary activities

		Year ended 31 March 2011			Year ended 31 March 2010	
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
UK corporation tax in respect of the current year	**(123)**	**121**	**(2)**	(89)	89	–
UK corporation tax in respect of prior year	**2**	**–**	**2**	6	–	6
	(121)	**121**	**–**	(83)	89	6

	Year ended 31 March 2011 £'000	Year ended 31 March 2010 £'000
Return on ordinary activities before tax	**577**	430
Tax on profit at the standard rate	**(121)**	(120)
Factors affecting the charge:		
Capital profits not subject to taxation	**123**	153
Consortium relief	**–**	6
Losses	**(2)**	(33)
Current tax charge	**–**	6

The tax charge for the year shown in the Income statement is lower than the standard rate of corporation tax in the UK of 21 per cent. (2010: 28 per cent.). The differences are explained above.

Consortium relief is recognised in the account in the period in which the claim is submitted to HMRC and is shown as tax in respect of prior year.

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 28 per cent. and allocating the relief between revenue and capital in accordance with the SORP.

(iii) No deferred tax asset or liability has arisen in the year.

Notes to the Financial Statements continued

9. Dividends

	Year ended 31 March 2011 £'000	Year ended 31 March 2010 £'000
Dividend of 1.00p per share paid on 7 August 2009	–	303
Dividend of 1.00p per share paid on 6 January 2010	–	303
Dividend of 1.50p per share paid on 7 August 2010	**481**	–
Dividend of 1.50p per share paid on 28 February 2011	**436**	–
	917	606

In addition to the dividends summarised above, the Directors have declared a first dividend for the year ending 31 March 2012 of 1.5 pence per share to be paid on 31 August 2011 to shareholders on the register as at 5 August 2011. The total dividend will be approximately £486,000.

10. Basic and diluted return per share

		Year ended 31 March 2011			Year ended 31 March 2010	
	Revenue	**Capital**	**Total**	Revenue	Capital	Total
The return per share has been based on the following figures:						
Return attributable to equity shares (£'000)	**373**	**204**	**577**	305	131	436
Weighted average shares in issue (excluding treasury shares)		**30,462,927**			30,314,795	
Return attributable per Ordinary share (pence) (basic and diluted)	**1.23**	**0.67**	**1.90**	1.01	0.43	1.44

The weighted average number of shares is calculated excluding treasury shares of 274,010 (2010: 54,967).

There are no convertible instruments, derivatives or contingent share agreements in issue for Albion Enterprise VCT PLC hence there is no dilution effect to the return per share. The basic return per share is therefore the same as the diluted return per share.

11. Fixed asset investments

	31 March 2011 £'000	31 March 2010 £'000
Qualifying unquoted equity investments	**6,349**	5,526
Qualifying unquoted convertible discounted bonds	**5,700**	–
Qualifying unquoted loan stock investments	**6,075**	5,544
Non-qualifying loan stock investments	**40**	838
	18,164	11,908

Notes to the Financial Statements continued

11. Fixed asset investments (continued)

	Total £'000
Opening valuation as at 1 April 2010	11,908
Purchases at cost	8,927
Disposal proceeds	(3,161)
Realised gains	43
Movement in loan stock revenue accrued income	(79)
Unrealised gains	526
Closing valuation as at 31 March 2011	**18,164**
Movement in loan stock revenue accrued income	
Opening accumulated movement in loan stock revenue accrued income	136
Movement in loan stock revenue accrued income	(79)
Closing accumulated movement in loan stock revenue accrued income	**57**
Movement in unrealised losses	
Opening accumulated unrealised losses	(833)
Movement in unrealised gains	526
Transfer of previously unrealised gains on disposal	(218)
Closing accumulated unrealised losses	**(525)**
Historic cost basis	
Opening book cost	12,605
Purchases at cost	8,927
Sales at cost	(2,900)
Closing book cost	**18,632**

Fixed asset investments held at fair value through the profit or loss account total £12,049,000 (2010: £5,526,000) and include convertible bonds and debt with a value of £554,000 which has been represented from the amortised cost to fair value category in the accounts having previously been designated at fair value through profit or loss on initial recognition. Investments measured at amortised cost total £6,115,000 (2010: £6,382,000).

The amounts shown for the purchase and disposal of fixed assets included in the cash flow statement differ from the amounts shown above, due to deferred consideration shown as a debtor, and investment settlement debtors and creditors.

Fixed asset investment class valuation methodologies
Unquoted loan stock investments (including those carried at fair value through profit and loss) using a fixed interest rate total £11,587,000 (2010: £5,001,000), and loan stock using a floating interest rate total £228,000 (2010: £1,381,000).

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

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

Investments held at fair value are valued in accordance with the IPEVCV guidelines as follows:

Valuation methodology	31 March 2011 £'000	31 March 2010 £'000
Cost (reviewed for impairment)	**5,499**	1,566
Net asset value supported by third party valuation	**547**	1,667
Offered acquisition price	**883**	–
Recent investment price	**1,808**	1,739
Revenue multiple	**2,995**	–
Earnings multiple	**317**	554
	12,049	5,526

Notes to the Financial Statements continued

11. Fixed asset investments (continued)

The portfolio had the following movements between valuation methodologies between 31 March 2010 and 31 March 2011:

Change in investment methodology (2010 to 2011)	Value as at 31 March 2011 £'000	Explanatory note
Revenue multiple to acquisition price	**883**	Most recent price information available
Cost reviewed for impairment to earnings multiple	**240**	Improvement in investment performance
Earnings multiple to revenue multiple	**206**	Temporary trading losses
Recent investment price to revenue multiple	**1,897**	Improvement in investment performance

The valuation method used will be the most appropriate valuation methodology for an investment within its market, with regard to the financial health of the investment and the September 2009 IPEVCV Guidelines. The Directors believe that, within these parameters, there are no other reasonable methods of valuation which would be reasonable as at 31 March 2011.

The amended FRS 29 'Financial Instruments: Disclosures' requires the Company to disclose the valuation methods applied to its investments measured at fair value through profit or loss in a fair value hierarchy according to the following definitions:

Fair value hierarchy	Definition of valuation method
Level 1	Unadjusted quoted (bid) prices applied
Level 2	Inputs to valuation are from observable sources and are directly or indirectly derived from prices
Level 3	Inputs to valuations are not based on observable market data

The fixed asset investments valued at fair value through profit or loss are categorised in accordance with FRS 29 as follows:

	31 March 2011			
	Level 1 £'000	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Unquoted equity	**–**	**–**	**6,349**	**6,349**
Convertible and discounted bonds	**–**	**–**	**5,700**	**5,700**
	–	**–**	**12,049**	**12,049**

	31 March 2010			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Unquoted equity and preference shares	–	–	5,526	5,526

The unquoted equity investments and preference shares held at fair value through profit or loss (level 3) had the following movements in the year to 31 March 2011:

	31 March 2011 £'000	31 March 2010 £'000
Opening balance	**5,526**	2,624
Additions	**6,805**	2,084
Debt/equity swap	**–**	426
Disposals	**(1,285)**	–
Realised gain	**44**	–
Re-presentation of convertible bonds	**554**	–
Unrealised gains on equity investments	**405**	392
Closing balance	**12,049**	5,526

11. Fixed asset investments (continued)

FRS 29 requires the Directors to consider the impact of changing one or more of the inputs used as part of the valuation process to reasonable possible alternative assumptions. The valuation methodology applied to 62 per cent. of the equity and convertible bond investments (by valuation) are based on third party independent evidence and recent investment price or new investments supported by cash. The Directors believe that changes to reasonable possible alternative input assumptions for the valuation of the remainder of the portfolio could result in an increase in the valuation of investments by £968,000 or a decrease in the valuation of investments by £1,020,000.

12. 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 portfolio company, it will not take a controlling interest or become involved in the management of a portfolio company.

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 31 March 2011, as described below:

Company	Country of incorporation	Principal activities	% class and share type	% total voting
Greenenerco Limited	Great Britain	Environmental	50.0% A Ordinary	50.0%
Regenerco Renewable Energy Limited	Great Britain	Environmental	39.7% A Ordinary	39.7%
TEG Biogas (Perth) Limited	Great Britain	Environmental	32.9% A Ordinary	32.9%
Alto Prodotto Limited	Great Britain	Environmental	50.0% A Ordinary	50.0%
The Street by Street Solar Programme Limited	Great Britain	Environmental	21.5% A Ordinary	21.5%
AVESI Limited	Great Britain	Environmental	21.5% A Ordinary	21.5%

13. Current assets

Current assets include the following:

Trade and other debtors	**31 March 2011 £'000**	31 March 2010 £'000
Prepayments and accrued income	**42**	25
UK corporation tax receivable	**80**	86
Other debtors	**22**	–
	144	111

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

Current asset investment	**31 March 2011 £'000**	31 March 2010 £'000
UBS AG floating rate note 20 May 2011	**2,507**	2,536
	2,507	2,536

The investments in the floating rate notes represent money held for investment. The floating rate notes can be converted to cash within three working days. This sum is regarded as money held pending investment and is treated as liquid resources in the Cash flow statement.

In accordance with FRS 29, the UBS AG floating rate note has been categorised as Level 1 within the fair value hierarchy, as described in note 11 on page 40.

Notes to the Financial Statements continued

14. Creditors: amounts falling due within one year

	31 March 2011 £'000	31 March 2010 £'000
Trade creditors	**7**	–
Accruals and deferred income	**44**	29
Other creditors	**233**	49
	284	78

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

15. Called up share capital

	31 March 2011 £'000	31 March 2010 £'000
Authorised		
50,000,000 shares of 50p each (2010: 50,000,000)	**25,000**	25,000
Allotted, called up and fully paid		
31,873,247 shares of 50p each (2010: 30,377,492)	**15,937**	15,189

Allotted, called up and fully paid excluding treasury shares
31,599,237 shares of 50p each (2010: 30,322,525)

The Company purchased 219,043 shares (2010: 11,667) to be held in treasury at a cost of £168,000 (2010: £8,000) representing 0.7 per cent. of the shares in issue (excluding treasury shares) as at 24 June 2011. The shares purchased for treasury were funded from the Treasury shares reserve.

The Company holds a total of 274,010 shares in treasury representing 0.9 per cent. of the shares in issue as at 31 March 2011.

Under the terms of the Dividend Reinvestment Scheme Circular dated 26 November 2009, the following Ordinary shares, with nominal value of 50 pence, were allotted in the year to 31 March 2011:

Date of allotment	Number of shares allotted	Aggregate nominal value of shares £'000	Issue price including issue cost (pence per share)	Net consideration received £'000	Opening market price per share on allotment date (pence per share)
6 August 2010	31,470	16	86.75p	22	75.0
28 February 2011	34,119	17	85.70p	29	76.0

During the year the following Ordinary shares of nominal value 50 pence were allotted under the Albion VCT's Linked Top Up Offer:

Date of allotment	Number of shares allotted	Aggregate nominal value of shares £'000	Issue price including issue cost (pence per share)	Net consideration received £'000	Opening market price per share on allotment date (pence per share)
7 January 2011	713,617	357	91.60p	618	77.5
22 March 2011	716,549	358	90.70p	614	77.5

16. Basic and diluted net asset value per share

	31 March 2011	31 March 2010
Basic and diluted net asset value per share attributable (pence per share)	**87.13**	88.25

The net asset value per share at the year end is calculated in accordance with the Articles of Association and is based upon total shares in issue (less treasury shares) of 31,599,237 shares (2010: 30,322,525) at 31 March 2011.

Notes to the Financial Statements continued

17. Analysis of changes in cash during the year

	31 March 2011 £'000	31 March 2010 £'000
Opening cash balances	**12,281**	9,319
Net cash flow	**(5,279)**	2,962
Closing cash balances	**7,002**	12,281

18. Reconciliation of net return on ordinary activities before taxation to net cash flow from operating activities

	Year ended 31 March 2011 £'000	Year ended 31 March 2010 £'000
Revenue return on ordinary activities before taxation	**494**	388
Investment management fee charged to capital	**(505)**	(505)
Movement in accrued amortised loan stock interest	**79**	14
(Increase)/decrease in debtors	**(16)**	5
Increase/(decrease) in creditors	**25**	(259)
Net cash flow from operating activities	**77**	(357)

19. Capital and financial instruments risk management

The Company's capital comprises Ordinary shares as described in note 15. The Company is permitted to buy back its own shares for cancellation or treasury purposes, and this is described in more detail on page 17 of the Directors' report and enhanced business review.

The Company's financial instruments comprise equity and loan stock investments in unquoted companies, floating rate notes, cash balances, short term debtors and creditors which arise from its operations. The main purpose of these financial instruments is to generate cashflow and 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 below:

Investment risk

As a venture capital trust, it is the Company's specific nature to evaluate and control the investment risk of its portfolio in unquoted investments, details of which are shown on page 11 and 12. 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 portfolio companies and the dynamics of market quoted comparators. The Manager receives management accounts from portfolio companies, and members of the investment management team often sit on the boards of unquoted portfolio companies; this enables the close identification, monitoring and management of investment risk.

The Manager and the Board formally review 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 £20,671,000 (2010: £14,444,000). Fixed and current asset investments form 75 per cent. of the net asset value as at 31 March 2011 (2010: 54 per cent.).

More details regarding the classification of fixed and current asset investments are shown in notes 11 and 13.

Notes to the Financial Statements continued

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 Company currently invests in a broad spread of industries with approximately 65 per cent. 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 and 12 and in the Manager's report.

Valuations are based on the most appropriate valuation methodology for an investment within its market, with regard to the financial health of the investment and the September 2009 IPEVCV Guidelines.

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 by £2,067,100 (2010: £1,444,000).

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 rise of 1.0 per cent. in all interest rates would have increased total return before tax for the year by approximately £138,000. Furthermore, it is considered that a fall of interest rates below current levels during the year would have been very unlikely.

The weighted average interest rate applied to the Company's fixed rate assets during the year was approximately 5.2 per cent. (2010: 7.5 per cent.). The weighted average period to expected maturity for the fixed rate assets is approximately 3.7 years (2010: 3.9 years).

The Company's financial assets and liabilities as at 31 March 2011, all denominated in pounds sterling, consist of the following:

	31 March 2011				31 March 2010			
	Fixed rate £'000	**Floating rate £'000**	**Non-interest bearing £'000**	**Total £'000**	Fixed rate £'000	Floating rate £'000	Non-interest bearing £'000	Total £'000
Floating rate notes	**–**	**2,507**	**–**	**2,507**	–	2,536	–	2,536
Unquoted loan stock (including convertible and discounted bonds)	**11,587**	**228**	**–**	**11,815**	5,001	1,381	–	6,382
Unquoted equity	**–**	**–**	**6,349**	**6,349**	–	–	5,526	5,526
Debtors	**–**	**–**	**144**	**144**	–	–	111	111
Current liabilities	**–**	**–**	**(284)**	**(284)**	–	–	(78)	(78)
Cash	**4,144**	**2,858**	**–**	**7,002**	10,163	2,118	–	12,281
Total net assets	**15,731**	**5,593**	**6,209**	**27,533**	15,164	6,035	5,559	26,758

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, floating rate notes and through the holding of cash on deposit with banks.

The Manager evaluates credit risk on loan stock, floating rate note instruments and other similar instruments 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 portfolio company in order to mitigate the gross credit risk. The Manager receives management accounts from portfolio companies, and members of the investment management team often sit on the boards of unquoted portfolio companies; this enables the close identification, monitoring and management of investment-specific credit risk.

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 at 31 March 2011 was limited to £11,815,000 (2010: £6,382,000) of unquoted loan stock instruments, £7,002,000 (2010: £12,281,000) cash deposits with banks and £2,507,000 (2010: £2,536,000) held in floating rate notes.

Notes to the Financial Statements continued

19. Capital and financial instruments risk management (continued)

The cost, impairment and carrying value of impaired loan stocks held at amortised cost at 31 March 2011 and 31 March 2010 are as follows:

	31 March 2011			31 March 2010		
	Cost £'000	**Impairment £'000**	**Carrying value £'000**	Cost £'000	Impairment £'000	Carrying value £'000
Impaired loan stock	**795**	**(143)**	**652**	862	(229)	633

Impaired loan stock instruments have a first fixed charge or a fixed and floating charge over the assets of the portfolio company and the Board estimate that the security value approximates to the carrying value.

As at the balance sheet date, the cash held by the Company is with the Royal Bank of Scotland plc, Bank of Scotland plc, Lloyds TSB Bank plc, Scottish Widows Bank plc, Standard Life Cash Savings (part of Barclays Bank Plc) and UBS Wealth Management (part of UBS AG). Credit risk on cash transactions is mitigated by transacting with counterparties that are regulated entities subject to prudential supervision, with Moody's credit ratings of at least 'A' or equivalent as assigned by international credit-rating agencies.

Floating rate note investments and bank deposits are held with banks which have a Moody's credit rating of at least 'A'.

Liquidity risk

Liquid assets are held as cash on current account, cash on deposit or short term money market account, as floating rate notes. Under the terms of its Articles, the Company has the ability to borrow up to 10 per cent. of its net assets, which amounts to £2,753,000 (2010: £2,676,000) as at 31 March 2011.

The Company has no committed borrowing facilities as at 31 March 2011 (2010: nil) and had cash balances of £7,002,000 (2010: £12,281,000), together with £2,507,000 (2010: £2,536,000) invested in floating rate notes, which are considered to be readily realisable within the timescales required to make cash available for investment. The main cash outflows are for new investments, buy-back of shares and dividend payments, 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 £284,000 (2010: £78,000) at 31 March 2011.

The carrying value of loan stock investments at 31 March 2011 is analysed by expected maturity date as follows:

Redemption date	**Fully performing loan stock £'000**	**Past due loan stock £'000**	**Impaired loan stock £'000**	**Total £'000**
1-2 years	**527**	**–**	**439**	**966**
2-3 years	**1,695**	**–**	**–**	**1,695**
3-5 years	**6,428**	**2,513**	**213**	**9,154**
	8,650	**2,513**	**652**	**11,815**

Loan stock categorised as past due includes:

- Loan stock valued at £255,000 yielding 13.2% which has interest past due by 12 months;
- Loan stock valued at £1,469,000 which has interest overdue for 1 month; loan stock valued at £789,000 which has interest overdue for 5 months.

The carrying value of loan stock investments held at amortised cost at 31 March 2010 is analysed by expected maturity date as follows:

Redemption date	Fully performing loan stock £'000	Renegotiated loan stock £'000	Impaired loan stock £'000	Total £'000
2-3 years	515	–	400	915
3-4 years	1,660	–	–	1,660
4-5 years	3,309	265	233	3,807
	5,484	265	633	6,382

In view of the factors above, 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 31 March 2011 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 carrying value of loan stock 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.

Notes to the Financial Statements continued

20. Commitments and contingencies

As at 31 March 2011, the Company was committed to making a further investment of £853,000 in Nelson House Hospital Limited, following its initial investment of £1,000,000. In addition the Company was committed to making a further investment of £700,000 in Radnor House School Limited following its initial investment of £1,000,000.

There are no contingent liabilities or guarantees given by the Company as at 31 March 2011 (31 March 2010: nil).

21. Post balance sheet events

Since 31 March 2011 the Company has had the following post balance sheet events:

- April 2011: Bravo Inns II Limited investment drawdown of £77,000
- May 2011: Abcodia Limited investment of £225,000
- June 2011: Radnor House School Limited investment of £700,000
- June 2011: Mi-pay Limited investment of £72,000
- June 2011: Nelson House Hospital Limited investment of £613,000
- June 2011: Disposal of Dexela Limited for £867,000 with a further potential earn-out of £132,000
- The following Ordinary shares of nominal value 50 pence per share were allotted under the Offer:

Date of allotment	Number of shares allotted	Aggregate nominal value of shares £'000	Net consideration received £'000	Issue price including issue costs (pence per share)	Opening market price per share on allotment date (pence per share)
5 April 2011	470,928	235	404	90.7	77.5
16 May 2011	39,309	19	34	92.3	77.5

22. Related party transactions

The Manager, Albion Ventures LLP, is considered to be a related party by virtue of the fact that Patrick Reeve, a Director of the Company, is also a Partner of the Manager. The Manager is party to a management agreement from the Company (details disclosed on page 19 of this report).

During the year, services of a total value of £673,000 (2010: £673,000) were purchased by the Company from Albion Ventures LLP. At the financial year end, the amount due to Albion Ventures LLP disclosed within accruals and deferred income was £5,000 (2010: £2,000).

The Company was also charged £21,000 (including VAT) by Albion Ventures LLP in respect of Patrick Reeve's services as a Director (2010: £21,000). At the year end, the amount due to Albion Ventures LLP in respect of these services disclosed as accruals and deferred income was £4,000 (2010: £5,000).

Maxwell Packe is a director of Green Energy Property Services Group Limited, a company in which Albion Enterprise VCT PLC is invested.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Albion Enterprise VCT PLC (the "Company") will be held at 12.30 p.m. on 21 July 2011 at the City of London Club, 19 Old Broad Street, London, EC2N 1DS for the following purposes:

To consider and, if thought fit, to pass the following resolutions, of which numbers 1 to 8 will be proposed as ordinary resolutions and numbers 9 to 11 as special resolutions.

Ordinary Business

1. To receive and adopt the Company's accounts and the reports of the Directors and Auditor for the year ended 31 March 2011.

2. To re-appoint PKF (UK) LLP as Auditor 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 Auditor's remuneration.

4. To approve the Directors' remuneration report for the year ended 31 March 2011.

5. To re-elect Lord St. John of Bletso as a Director of the Company.

6. To re-elect Patrick Reeve as a Director of the Company.

Special Business

7. That the Company be authorised to send all documents, notices and information to shareholders by electronic means (as such term is defined in the Financial Services Authority's Disclosure and Transparency Rules) including by means of a website and in all electronic forms.

8. The Directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "Act") to allot shares in the Company 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 £1,619,174 (which comprises 10 per cent. of the Ordinary share capital) such authority to expire on 21 January 2013, but so that the Company may, before the expiry of such period, make an offer or agreement which would or might require shares to be allotted after the expiry of such period and the Directors may allot shares 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.

9. That subject to and conditional on the passing of resolution number 8, the Directors be empowered, pursuant to section 570 of the Act, to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by resolution number 8 as if section 561(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, open offer;

   (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 £1,619,174 (equal to 10 per cent. of the Ordinary share capital);

   and shall expire 18 months from the date of this resolution, or at the conclusion of the next Annual General Meeting, whichever is earlier, 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

Notice of Annual General Meeting continued

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 560(2)(b) of the Act as if in the first paragraph of the resolution the words “pursuant to the authority conferred by resolution number 8” were omitted.

10. 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 693(4) of the Act) 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, the Company may use them for the purposes set out in section 727 of the Act, provided that:

    (a) the maximum aggregate number of shares authorised to be purchased is 4,854,284 Ordinary shares (representing approximately 14.99 per cent of the issued Ordinary shares as at the date of this Notice);

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

    (c) the maximum price, exclusive of any expenses that 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 as derived from the London Stock Exchange Daily Official List, for a share over 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; and

    (e) the Company may make a contract or contracts to purchase Ordinary shares under this authority before the expiry of the authority which will or may be executed wholly or partly after the expiry of the authority, and may make a purchase of Ordinary shares in pursuance of any such contract or contracts.

    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 10 is intended to apply equally to shares to be held by the Company as treasury shares in accordance with the Regulations.

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

BY ORDER OF THE BOARD

Albion Ventures LLP
Company Secretary
Registered Office
1 King’s Arms Yard
London, EC2R 7AF
24 June 2011

Registered in England and Wales with number 05990732

Notice of Annual General Meeting continued

Notes

1. Members entitled to attend, speak and vote at the Annual General Meeting ("AGM") may appoint a proxy or proxies (who need not be a member of the Company) to exercise these rights in their place at the meeting. A member may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to different shares. Proxies may only be appointed by completing and returning the Form of Proxy enclosed with this Notice to Capita Registrars, PXS, 34 Beckenham Road, Beckenham BR3 4TU.

   Return of the Form of Proxy will not preclude a member from attending the meeting and voting in person. A member may not use any electronic address provided in the Notice of this meeting to communicate with the Company for any purposes other than those expressly stated.

   To be effective the Form of Proxy must be completed in accordance with the instructions and received by the Registrars of the Company by 5.00 p.m. on 19 July 2011.

   In accordance with good governance practice, the Company is offering shareholders use of an online service, offered by the Company's registrar, Capita Registrars, at www.capitashareportal.com. Shareholders can use this service to vote or appoint a proxy online. The same voting deadline of 5.00 p.m. on 19 July 2011 applies as if you were using your Personalised Voting Form to vote or appoint a proxy by post to vote for you. Shareholders will need to use the unique personal identification Investor Code that is printed on their Form of Proxy. Shareholders should not show this information to anyone unless they wish to give proxy instructions on their behalf.

2. Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 ('the Act') to enjoy information rights (a "Nominated Person") may, under an agreement between him or her and the member by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights. The statement of rights of members in relation to the appointment of proxies in note 1 above does not apply to Nominated Persons. The rights described in that note can only be exercised by members of the Company.

3. To be entitled to attend and vote at the AGM (and for the purpose of the determination by the Company of the votes they may cast), members must be registered in the register of members of the Company at 5.00 p.m. on 19 July 2011 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

4. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

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 Articles of Association 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. Under section 527 of the Act members meeting the threshold requirements set out in that section have the right to require the Company 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 AGM; or (ii) any circumstances connected with an Auditor of the Company ceasing to hold office since the previous meeting at which the annual accounts and reports were laid in accordance with section 437 of the Act. 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 Act. Where the Company is required to place a statement on a website under section 527 of the Act, 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 AGM includes any statement that the Company has been required under section 527 of the Act to publish on a website.

7. A copy of this Notice, and other information regarding the meeting, as required by section 311A of the Act, is available from www.albion-ventures.co.uk, Our Funds, Albion Enterprise VCT PLC.

8. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

9. As at 24 June 2011 (being the latest practicable date prior to the publication of this Notice), the Company's issued share capital consists of 32,383,484 Ordinary shares. The Company holds 274,010 shares in treasury. Therefore, the total voting rights in the Company as at 24 June 2011 are 32,109,474.

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ALBION VENTURES