

Annual Report and Financial
Statements for the year ended
31 March 2015



Albion Enterprise VCT PLC

ALBIONVENTURES

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Company information

| | |
|---|--|
| Company number | 05990732 |
| Directors | M Packe, Chairman Lady Balfour of Burleigh Lord St. John of Bletso P H Reeve |
| Manager, company secretary, AIFM and registered office | Albion Ventures LLP 1 King's Arms Yard London, EC2R 7AF |
| Registrar | Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol, BS99 6ZZ |
| Auditor | BDO LLP 55 Baker Street London, W1U 7EU |
| Taxation adviser | Robertson Hare LLP 1st Floor 4 Staple Inn London, WC1V 7QH |
| Legal adviser | Bird & Bird LLP 15 Fetter Lane London, EC4A 1JP |

Albion Enterprise VCT PLC is a member of the Association of Investment Companies (www.theaic.co.uk).

Shareholder information

For help relating to dividend payments, shareholdings and share certificates please contact Computershare Investor Services PLC:
Tel: 0870 873 5860 (UK National Rate call, lines are open 8.30am – 5.30pm; Mon – Fri; calls may be recorded)
Website: www.investorcentre.co.uk

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

Financial adviser information

For enquiries relating to the performance of the Company and information for financial advisers 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

Please note that these contacts are unable to provide financial or taxation advice.

Investment objective and policy

The investment objective of Albion Enterprise VCT PLC (the “Company”) is to provide investors with a regular and predictable source of income, combined with the prospect of longer term capital growth.

The Company achieves this by investing up to 50 per cent. of the net funds raised in an asset-based portfolio of more stable businesses (the “Asset-based Portfolio”). The balance of the net funds raised, other than funds retained for liquidity purposes, are invested in a portfolio of higher growth businesses across a variety of sectors of the UK economy. These range from more stable, income producing businesses to higher risk technology companies (the “Growth Portfolio”). In neither category do portfolio companies normally have any external borrowing with a charge ranking ahead of the Company. Up to two-thirds of qualifying investments by cost 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 are held on deposit or invested in floating rate notes with banks or other financial institutions with high credit ratings assigned by international credit ratings agencies.

The Company’s investment portfolio is structured to provide a balance between income and capital growth for the longer term. The Asset-based Portfolio is designed to provide stability and income whilst still maintaining the potential for capital growth. The Growth Portfolio is intended to provide diversified exposure through its portfolio of investments in unquoted UK companies. Stock specific risk will be reduced by the Company’s policy of holding a diversified portfolio of Qualifying Investments.

Financial calendar

| | |
|--|------------------|
| Record date for first dividend | 7 August 2015 |
| Annual General Meeting | 27 August 2015 |
| Payment date for first dividend | 28 August 2015 |
| Announcement of half-yearly results for the six months ended 30 September 2015 | November 2015 |
| Payment of second dividend (subject to Board approval) | 29 February 2016 |

Financial highlights

4.25p

Total return per share for the year ended 31 March 2015

5.0p

Total tax-free dividend per share paid during the year ended 31 March 2015

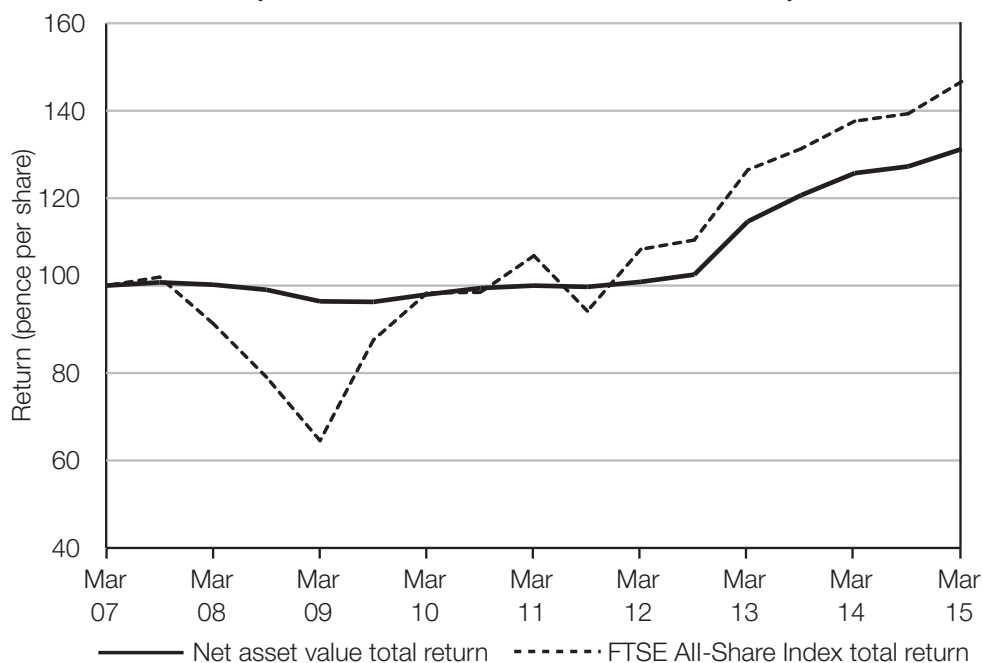
96.2p

Net asset value per share as at 31 March 2015

120.1p

Net asset value plus dividends since launch to 31 March 2015

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

Financial highlights (continued)

| | 31 March 2015 (pence per share) | 31 March 2014 (pence per share) |
|-----------------|--|------------------------------------|
| Dividends paid | 5.00 | 5.00 |
| Revenue return | 2.07 | 1.70 |
| Capital return | 2.18 | 7.30 |
| Net asset value | 96.22 | 96.90 |

Total shareholder return to 31 March 2015:

(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 |
| 31 March 2012 | 3.00 |
| 31 March 2013 | 3.50 |
| 31 March 2014 | 5.00 |
| 31 March 2015 | 5.00 |

Total dividends paid to 31 March 2015

23.85

Net asset value as at 31 March 2015

96.22

Total shareholder return to 31 March 2015

120.07

In addition to the dividends summarised above, the Board has declared a first dividend for the year ending 31 March 2016, of 2.50 pence per share to be paid on 28 August 2015 to shareholders on the register as at 7 August 2015.

Notes

- *The dividend of 0.70 pence per share paid during the period ended 31 March 2008 and the first dividend of 0.40 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 paid 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 the 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 2015 showed a total return of 4.25 pence per share, following the 9 pence per share total return for the previous year. The investment portfolio continues to develop an increasing level of maturity and it is encouraging that the income generated by the portfolio grew by 14 per cent. over that of the previous period.

Portfolio progress

The Taunton psychiatric hospital (Orchard Portman Group), in which we originally invested in 2010, was sold during the year at a value that provided a return of 1.6 times on cost. Just over £4.8 million was invested in unquoted companies in the year, of which the largest investment was a further £1.1 million into Radnor House, which has purchased a second independent day school, Combe Bank near Sevenoaks in Kent. In addition, £928,000 was invested in Exco Intouch, a healthcare IT company specialising in the monitoring of patients undergoing medical trials; and £650,000 was invested in Omprompt, a business which provides IT services to support corporate payment systems.

Existing companies performed well with strong progress at Radnor House, Masters Pharmaceuticals, Egress Software Technologies and Hilson Moran. In addition, the portfolio of renewable energy investments provides a growing income stream to the fund.

Results and dividends

As at 31 March 2015, the net asset value was 96.22 pence per share compared to 96.90 pence per share at the end of 31 March 2014. The revenue return before taxation was £847,000 compared to £712,000 for the previous year. The Company will pay a first dividend for the financial year to 31 March 2016 of 2.50 pence per share, in line with its policy of a 5 pence per share annual dividend. The dividend will be paid on 28 August 2015 to shareholders on the register as at 7 August 2015.

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 interests, 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 5 per cent. discount to net asset value, so far as market conditions and liquidity permit.

Transactions with the Manager

Details of the transactions that took place with the Manager for the year can be found in note 5.

Risks and uncertainties

Although growth in the UK has recovered well, the outlook for the UK and global economies continues to be the key risk affecting your Company. Investment risk is mitigated through a variety of processes, including our policy of ensuring that the Company has a first charge over portfolio companies' assets wherever possible and of ensuring that the portfolio is balanced through the inclusion of sectors that are less exposed to the business and consumer cycles. A detailed analysis of the other risk and uncertainties facing the business is shown on pages 11 and 12 of the Strategic report.

Albion VCTs Top Up Offers

During the year the Company raised £3.8m under the Company's Offer as part of the Albion VCTs Top Up Offers launched in November 2013 and 2014, as shown in note 15. Since the year end, a further £3.1m has been raised under the Offer. The proceeds of the Offers will be used to provide further resources at a time when a number of attractive new investment opportunities are being seen.

Outlook and prospect

The company's portfolio is broadly balanced across a number of complimentary sectors and as a whole, it has the characteristics of both income generation and the prospects of capital growth. A number of portfolio companies are market leaders in their sectors and we look forward to the future with confidence.

Maxwell Packe

Chairman
18 June 2015

Strategic report

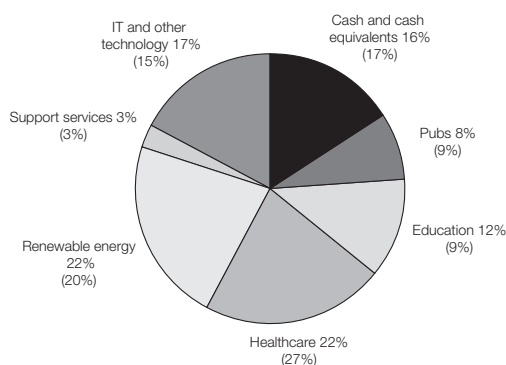
Investment objective and policy

The Company's investment objective is to provide investors with a regular and predictable source of income, combined with the prospect of longer term capital growth. The Company's investment portfolio is thus structured to provide a balance between income and capital growth for the longer term through a diversified, balanced approach to investment. The Asset-based Portfolio, which accounts for up to 50 per cent. of investments, is designed to provide stability and income whilst still maintaining the potential for capital growth. The Growth Portfolio is intended to provide diversified exposure through its portfolio of high growth businesses across a variety of sectors in the UK economy. In neither category do portfolio companies normally have any external borrowing with a charge ranking ahead of the Company.

Current portfolio sector allocation

The following pie chart shows the split of the portfolio valuation by industrial or commercial sector as at 31 March 2015. Details of the principal investments made by the Company are shown in the Portfolio of investments on pages 15 and 16.

Split of investment portfolio by sector



Comparatives for 31 March 2014 are shown in brackets.
Source: Albion Ventures LLP

Direction of portfolio

The sector analysis of the Company's investment portfolio shows that healthcare and renewable energy investments each account for 22 per cent. of the portfolio.

Looking ahead, the healthcare sector will continue to be a core area for investment, particularly in medical technology. Renewable energy projects are unlikely to increase, as the Board believes it has sufficient exposure to the target of 20 per cent. of the portfolio; their main role is to provide lower risk, long term, inflation protected income flows to the Company. The IT sector of the portfolio has continued to grow as we target areas such as business process automation and security. The education investment, in the form of Radnor House School, has grown following the acquisition of Combe Bank School.

Results and dividend policy

| | £'000 |
|---|---------------|
| Net revenue return for the year | 728 |
| Realised and unrealised capital gain for the year | 767 |
| Dividend of 2.50 pence per share paid on 29 August 2014 | (875) |
| Dividend of 2.50 pence per share paid on 27 February 2015 | (916) |
| Transferred from reserves | (296) |
| Net assets as at 31 March 2015 | 34,662 |
| Net asset value per share as at 31 March 2015 | 96.22p |

The Company paid dividends totalling 5.00 pence per share during the year ended 31 March 2015 (2014: 5.00 pence per share). As described in the Chairman's statement, the Board has declared a first dividend of 2.50 pence per share for the year ending 31 March 2016. This dividend will be paid on 28 August 2015 to shareholders on the register as at 7 August 2015.

As shown in the Company's Income statement on page 34, investment income has increased to £1,258,000 (2014: £1,099,000) due to higher interest received on loan stock investments during the year, principally driven by the Company's successful renewable energy development programme.

The capital gain for the year of £767,000 (2014: £2,384,000), was mainly attributable to the upward unrealised revaluations in the Company's investment portfolio and the realised gain on the disposal of the Orchard Portman Group during the year.

The total return was 4.25 pence per share (2014: 9.00 pence per share). The Balance sheet on page 35 shows that the net asset value has decreased over the last year to 96.22 pence per share (2014: 96.90 pence per share), the decrease in net asset value can be attributed to the payment of 5.00 pence per share of dividends offset by realised and unrealised gains and net revenue return.

The cash flow for the Company has been a net inflow of £107,000 for the year (2014: outflow £684,000), reflecting cash inflows from operations, disposal of investments and the issue of Ordinary shares under the Albion VCTs Top Up Offers, offset by dividends paid, new investments in the year and the buy-back of shares.

Strategic report (continued)

Review of business and future changes

Companies that are particularly worth noting include Radnor House School, which under a strong management team has recently purchased a second school; Abcodia, which has completed a substantial further fundraising and whose diagnostic capabilities continue to develop; Egress, whose email encryption services are focusing on both sides of the Atlantic; Exco Intouch, whose healthcare IT services are showing good growth; and Hilson Moran, where its services to the construction industry continue to benefit from strong demand.

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.

Details of significant events which have occurred since the end of the financial year are listed in note 21. Details of transactions with the Manager are shown in note 5.

Future prospects

The key drivers for returns within the portfolio are those sectors that are involved in the longer-term global trends. These include the importance of healthcare in an ageing population, sustainable energy against a background of climate change, education amid the need to improve the national skills base and the developing use of information technology in an environment of universal information. The portfolio is well positioned to take advantage of these changes, with a longer term aim of total return exceeding dividends.

It is encouraging to see that the revenue generated by the portfolio companies continues to grow and we look forward to further capital growth in the current year.

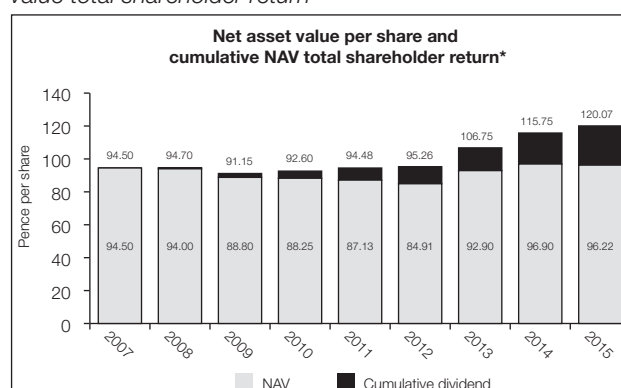
Key performance indicators

The Directors believe that the following key performance indicators, which are typical for venture capital trusts, used in their own assessment of the Company, will provide shareholders with sufficient information to assess how effectively the Company is applying its investment policy to meet its objectives. The Directors are satisfied that the results shown in the following key performance indicators give a good indication that the Company is achieving its investment objective and policy. These are:

1. Net asset value total return relative to FTSE All Share Index total return

The graph on page 4 shows the Company's net asset value total return against the FTSE All-Share Index total return, with dividends reinvested.

2. Net asset value per share and cumulative net asset value total shareholder return

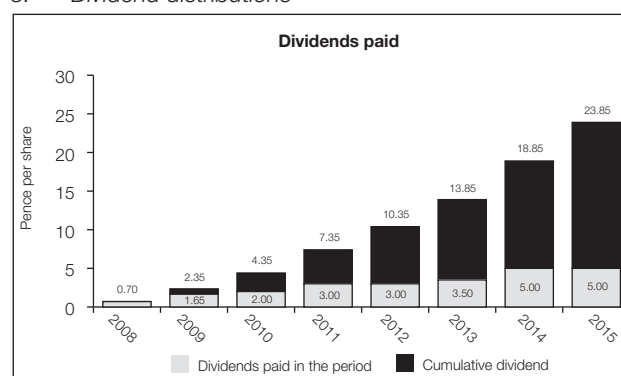


* Cumulative NAV total shareholder return is net asset value plus cumulative dividends paid since launch to date.

Net asset value per share decreased by 1.0 per cent. to 96.22 pence per share for the year ended 31 March 2015.

Cumulative NAV total shareholder return increased by 3.4 per cent. to 120.07 pence per share for the year ended 31 March 2015.

3. Dividend distributions



Dividends paid in respect of the year ended 31 March 2015 were 5.00 pence per share (2014: 5.00 pence per share), in line with the Board's dividend objective. The cumulative dividend paid since inception is 23.85 pence per share.

4. Ongoing charges

The ongoing charges ratio for the period to 17 November 2014 was 3.08 per cent. (2014: 3.1 per cent.) against a cap of 3.5 per cent. The Albion VCTs Prospectus Top Up Offers 2014/2015, issued on 17 November 2014, reduced the management fees cap from 3.5 per cent to 3 per cent. The

Strategic report (continued)

ongoing charges ratio from 17 November 2014 to 31 March 2015 was 2.98 per cent. which is in line with this cap. The ongoing charges ratio has been calculated using the Association of Investment Companies' (AIC) recommended methodology. This figure shows shareholders the total recurring annual running expenses (including investment management fees charged to capital reserve) as a percentage of the average net assets attributable to shareholders. The Directors expect the ongoing charges ratio for the year ahead to be approximately 2.9 per cent.

5. Maintenance of VCT qualifying status

The Company continues to comply with H.M. Revenue & Customs ("HMRC") rules in order to maintain its status under Venture Capital Trust legislation as highlighted below.

VCT regulation

The investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HMRC. In order to maintain its status under Venture Capital Trust legislation, a VCT must comply on a continuing basis with the provisions of Section 274 of the Income Tax Act 2007, details of which are provided in the Directors' report on page 20.

As part of the EU rules relating to State Aid, new rules are being introduced under the Finance Act 2015, which would include the prohibition under certain circumstances of investment in companies which have been trading for more than 12 years.

Given the profile of the kind of company that the Company invests in, the Directors do not believe that such an update to the Finance Act would create a material change in the way the Company is currently run. However, until final legislation has been published this remains a risk for the Company.

The relevant tests to measure compliance have been carried out and independently reviewed for the year ended 31 March 2015. These showed that the Company has complied with all tests and continues to do so.

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. The Directors do not intend to utilise long term gearing.

Operational arrangements

The Company has delegated the investment management of the portfolio to Albion Ventures LLP, which is authorised and regulated by the Financial Conduct 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 and the way the Board has evaluated the performance of the Manager are shown below.

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, payable quarterly in arrears. Total annual expenses, including the management fee, are limited to 3.0 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 and Directors' fees where the Investment Manager has a representative on the portfolio company's board.

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 with the Manager. Under the incentive arrangement, the Company will pay an incentive fee to the Manager of an amount equal to 20 per cent. of such 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.

The fee if applicable, will be payable annually. As of 31 March 2015 the total return amounted to 120.07 pence which compared to the hurdle of 131.60 pence per share at that date.

Investment and co-investment

The Company co-invests with other venture capital trusts and funds managed 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.

Strategic report (continued)

Evaluation of the Manager

The Board has evaluated the performance of the Manager based on the returns generated by the Company, the continuing achievement of Venture Capital Trust status, the long term prospects of current 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.

Alternative Investment Fund Managers Directive (“AIFMD”)

The Board has considered the impact on your Company of the AIFMD, an EU Directive that came into force in July 2013 to regulate the Managers of Alternative Investment Funds. The Board appointed Albion Ventures LLP as the Company’s AIFM as required by the AIFMD. Albion Ventures LLP’s registration as an AIFM was approved by the Financial Conduct Authority on 3 June 2014.

Social and community issues, employees and human rights

The Board recognises the requirement under section 414C of the Companies Act 2006 to detail information about social and community issues, employees and human rights; including any policies it has in relation to these matters and effectiveness

of these policies. As an externally managed investment company with no employees, the Company has no policies in these matters and as such these requirements do not apply.

Further policies

The Company has adopted a number of further policies relating to:

- Environment
- Global greenhouse gas emissions
- Anti-bribery
- Diversity

and these are set out in the Directors’ report on page 20.

Strategic report (continued)

Risk management

The Board carries out a regular review of the risk environment in which the Company operates. The principal risks and uncertainties of the Company as identified by the Board and how they are managed are as follows:

| Risk | Possible consequence | Risk management |
|-------------------|--|--|
| Economic risk | Changes in economic conditions, including, for example, interest rates, rates of inflation, industry conditions, competition, political and diplomatic events and other factors could substantially and adversely affect the Company's prospects in a number of ways. | To reduce this risk, in addition to investing equity in portfolio companies, the Company often invests in secured loan stock and has a policy of not normally permitting any external bank borrowings within portfolio companies. Additionally, the Manager has been rebalancing the sector exposure of the portfolio with a view to reducing reliance on consumer led sectors. |
| 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 and takes account of comments from non-executive Directors of the Company 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. |
| Valuation risk | The Company's investment valuation methodology is reliant on the accuracy and completeness of information that is issued by portfolio companies. In particular, the Directors may not be aware of or take into account certain events or circumstances which occur after the information issued by such companies is reported. | As described in note 2 of the Financial Statements, the unquoted investments; are valued 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 judgments 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 judgments the valuation takes into account all known material facts up to the date of approval of the Financial Statements by the Board. Asset-based investments are underpinned by independent third party professional valuations. |
| VCT 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, which has a team with significant experience in venture capital trust management, used to operating within the requirements of the venture capital trust legislation. In addition, to provide further formal reassurance, the Board has appointed Robertson Hare LLP (previously PricewaterhouseCoopers LLP) as its taxation adviser. Robertson Hare 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. Each investment in a new portfolio company is also pre-cleared with H.M. Revenue & Customs. |

Strategic report (continued)

| Risk | Possible consequence | Risk management |
|----------------------------------|--|--|
| 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 or advising quoted businesses. In addition, the Board and the Manager receive regular updates on new regulation from its auditor, lawyers and other professional bodies. |
| 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, PKF Littlejohn LLP, when required, 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. Patrick Reeve on behalf of the Chairman of the Audit Committee, met with the internal audit Partner of PKF Littlejohn LLP in January 2015 to discuss the most recent Internal Audit Report on the Manager. The Manager has a comprehensive business continuity plan in place in the event that operational continuity is threatened. Measures are in place to mitigate information risk in order to ensure the integrity, availability and confidentiality of information used within the business. |
| 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 further detail, see the Management agreement paragraph on page 9). In addition, the Manager has demonstrated to the Board that there is no undue reliance placed upon any one individual within Albion Ventures LLP. |
| Financial risk | 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. |

This Strategic report of the Company for the year ended 31 March 2015 has been prepared in accordance with the requirements of section 414A of the Companies Act 2006 (the "Act"). The purpose of this report is to provide shareholders with sufficient information to enable them to assess the extent to which the Directors have performed their duty to promote the success of the Company in accordance with section 172 of the Act.

On behalf of the Board,

Maxwell Packe
Chairman
18 June 2015

The Board of Directors

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

Maxwell Packe (Chairman) 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 1994 to Abbey National Plc.

Lord St. John of Bletso (Chairman of the Audit Committee and Senior Independent Director) (appointed 28 November 2006) is a qualified solicitor. He was a consultant to Merrill Lynch until November 2008. He is chairman of the Governing Boards of Certification International Limited, Global Resources Investment Trust and Integrated Diagnostic Holdings. He is on the Advisory Board of Silicon Valley Bank and Milio International. 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 CBE (appointed 28 November 2006) is a non-executive director of Murray International Trust plc, the Scottish Oriental Smaller Companies Trust plc and the chairman of the Nuclear Liabilities Financing Assurance Board. She was formerly the chairman of the Nuclear Liabilities Fund and was a director of Cable and Wireless plc, Midlands Electricity plc, WH Smith plc, Stagecoach Group plc and a number of other companies.

Patrick Reeve MA, ACA, (appointed 28 November 2006) qualified as a chartered accountant before joining Cazenove & Co where he spent three years in the corporate finance department. He joined Close Brothers Group plc in 1989, working in both the development capital and corporate finance divisions before establishing the venture capital division in 1996. He led the buy-out of this business from Close Brothers in 2009, and re-named it Albion Ventures LLP. He is the managing partner of Albion Ventures LLP and is director of Albion Technology & General VCT PLC and Albion Development VCT PLC, both managed by Albion Ventures LLP. He is also chief executive of Albion Community Power PLC. He read modern languages at Oxford University. He is a Member of Council of the BVCA and is a member of the Audit Committee of the University College London. He is also a director of UCL Business, the university technology transfer arm.

All Directors, except for Patrick Reeve, are members of the Audit Committee and Lord St. John of Bletso is Chairman.

All Directors, except for Patrick Reeve, are members of the Nomination Committee and Maxwell Packe is Chairman.

All Directors, except for Patrick Reeve, are members of the Remuneration Committee and Lady Balfour of Burleigh is Chairman.

Lord St. John of Bletso is the Senior Independent Director.

The Manager

Albion Ventures LLP, is authorised and regulated by the Financial Conduct Authority and is the Manager of Albion Enterprise VCT PLC. In addition to the Company, it manages a further five venture capital trusts and currently has total funds under management of approximately £270 million. It is also the AIFM of the Company and the other five venture capital trust companies.

The following are specifically responsible for the management and administration of the venture capital trusts managed by Albion Ventures LLP, including the Company:

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

Will Fraser-Allen, BA (Hons), FCA, 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 in 2001 since when he has focused on leisure and healthcare investing. Will became deputy managing partner of Albion Ventures in 2009. Will has a BA in History from Southampton University.

Adam Chirkowski, MA (Hons), having graduated in Industrial Economics, followed by a Masters in Corporate Strategy, spent five years at N M Rothschild & Sons, principally specialising in mergers and acquisitions in the natural resources and then healthcare sectors, before joining Albion Ventures in 2013, where he currently concentrates on renewable energy projects.

Dr Andrew Elder, MA, FRCS, initially practised 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 joined Albion Ventures in 2005 and became a partner in 2009. 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, BA (Hons), FCA, 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 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 in 2009.

David Gudgin, 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 in 2005

and became partner in 2009. He is also managing director of Albion Community Power PLC. David has a BSc in Economics from Warwick University.

Vikash Hansrani, BA (Hons), ACA, qualified as a chartered accountant with RSM Tenon plc and latterly worked in its corporate finance team. He joined Albion Ventures in 2010, where he is currently finance director. He is also finance director of Albion Community Power PLC. He has a BA in Accountancy and Finance from Nottingham Business School.

Ed Lascelles, BA (Hons), began by advising quoted UK companies on IPOs, takeovers and other corporate transactions, first with Charterhouse Securities and then ING Barings. Companies ranged in valued from £10 million to £1 billion, across the healthcare and technology sectors among others. After moving to Albion Ventures in 2004, Ed started investing in the technology, healthcare, financial and business services sectors. Ed became a partner in 2009 and is responsible for a number of Albion's technology investments. He graduated from University College London with a first class degree in Philosophy.

Dr Christoph Ruedig, MA, MBA, initially practised as a radiologist before spending 3 years at Bain & Company. In 2006 he joined 3i plc working for their healthcare venture capital arm leading investments in biotechnology, pharmaceuticals, and medical technology. Most recently he has worked for General Electric UK, where he was responsible for mergers and acquisitions in the medical technology and healthcare IT sectors. He joined Albion Ventures in 2011 and became a partner in April 2014. He holds a degree in medicine from Ludwig-Maximilians University, Munich and an MBA from INSEAD.

Henry Stanford, MA, ACA, qualified as a chartered accountant with Arthur Andersen before joining the corporate finance department of Close Brothers Group in 1992, becoming an assistant director in 1996. He moved to Albion Ventures in 1998, where he has been responsible for much of the asset based portfolio. Henry became a partner of Albion Ventures in 2009. He holds an MA degree in Classics from Oxford University.

Robert Whitby-Smith, BA (Hons), MSI, FCA. 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 portfolios formerly managed by other fund managers (now named Crown Place VCT PLC and Kings Arms Yard VCT PLC) and is responsible for investments primarily in the advanced manufacturing and technology sectors. Robert became a partner in Albion Ventures in 2009.

Marco Yu, MPhil, MA, MRICS, spent two and a half years at Bouygues (UK), before moving to EC Harris in 2005 where he advised senior lenders on large capital projects. Since joining Albion Ventures in 2007, Marco has been involved in hotel, cinema, pub, residential property and garden centre investments and is, more recently, responsible for a number of renewable energy investments. He became an investment director in 2014. Marco graduated from Cambridge University with a first class degree in economics and is a Chartered Surveyor.

Portfolio of investments

| | | | As at 31 March 2015 | | | As at 31 March 2014 | | | Change in value for the year** £'000 |
|--|-----------------------|---|---------------------|---|----------------|---------------------|---|----------------|---|
| | | | Cost £'000 | Cumulative movement in value £'000 | Value £'000 | Cost £'000 | Cumulative movement in value £'000 | Value £'000 | |
| Fixed asset investments | % voting rights | % voting rights of AVL* managed companies | | | | | | | |
| Asset-based investments | | | | | | | | | |
| Radnor House School (Holdings) Limited | 9.8 | 50.0 | 2,776 | 1,488 | 4,264 | 1,700 | 1,364 | 3,064 | 228 |
| Bravo Inns II Limited | 13.1 | 50.0 | 2,150 | 34 | 2,184 | 2,150 | 64 | 2,214 | (30) |
| TEG Biogas (Perth) Limited | 16.4 | 50.0 | 1,314 | 278 | 1,592 | 986 | 112 | 1,098 | 165 |
| Regenerco Renewable Energy Limited | 12.5 | 50.0 | 1,263 | 307 | 1,570 | 1,195 | 103 | 1,298 | 205 |
| Greenenerco Limited | 28.6 | 50.0 | 1,000 | 498 | 1,498 | 1,000 | 362 | 1,362 | 136 |
| Alto Prodotto Wind Limited | 11.1 | 50.0 | 1,000 | 462 | 1,462 | 1,000 | 345 | 1,345 | 117 |
| The Street by Street Solar Programme Limited | 8.6 | 50.0 | 894 | 334 | 1,228 | 894 | 220 | 1,114 | 114 |
| Bravo Inns Limited | 8.4 | 50.0 | 742 | (267) | 475 | 741 | (263) | 478 | (3) |
| AVESI Limited | 5.5 | 50.0 | 181 | 37 | 218 | 172 | 12 | 184 | 25 |
| The Charnwood Pub Company Limited | 1.2 | 50.0 | 247 | (134) | 113 | 257 | (126) | 131 | (9) |
| Total asset-based investments | | | 11,567 | 3,037 | 14,604 | 10,095 | 2,193 | 12,288 | 948 |
| Growth investments | | | | | | | | | |
| Masters Pharmaceuticals Limited | 6.7 | 21.0 | 993 | 598 | 1,591 | 1,070 | 375 | 1,445 | 238 |
| Mirada Medical Limited | 15.1 | 45.0 | 636 | 889 | 1,525 | 511 | 1,146 | 1,657 | (257) |
| Relayware Limited | 4.7 | 15.5 | 1,065 | 34 | 1,099 | 761 | 36 | 797 | (2) |
| Egress Software Technologies Limited | 8.8 | 21.9 | 880 | 180 | 1,060 | 880 | – | 880 | 180 |
| Exco Intouch Limited | 6.0 | 17.3 | 928 | 42 | 970 | – | – | – | 42 |
| DySIS Medical Limited | 8.4 | 22.8 | 1,267 | (326) | 941 | 1,221 | (218) | 1,003 | (108) |
| Process Systems Enterprise Limited | 3.9 | 19.8 | 366 | 567 | 933 | 366 | 566 | 932 | 1 |
| Aridhia Informatics Limited | 2.3 | 7.2 | 909 | (208) | 701 | 760 | 14 | 774 | (222) |
| Cisiv Limited | 2.9 | 9.6 | 522 | 169 | 691 | 297 | (18) | 279 | 187 |
| Hilson Moran Holdings Limited | 10.0 | 50.0 | 324 | 364 | 688 | 450 | 377 | 827 | 25 |
| Omprompt Limited | 5.3 | 20.5 | 650 | 11 | 661 | – | – | – | 11 |
| Proveca Limited | 7.1 | 39.5 | 380 | 194 | 574 | 289 | 23 | 312 | 172 |
| memsstar Limited | 8.8 | 44.7 | 384 | 187 | 571 | 384 | 175 | 559 | 12 |
| Grapeshot Limited | 5.0 | 12.7 | 570 | – | 570 | 570 | – | 570 | – |
| Mi-Pay Group plc | 6.6 | 36.1 | 1,504 | (990) | 514 | 1,413 | (497) | 916 | (493) |
| Abcodia Limited | 6.4 | 21.4 | 369 | 36 | 405 | 285 | 1 | 286 | 35 |
| MyMeds&Me Limited | 3.6 | 20.0 | 324 | – | 324 | 180 | 12 | 192 | (12) |
| Lowcosttravelgroup Limited | 1.0 | 26.1 | 270 | 3 | 273 | 270 | (124) | 146 | 127 |
| Oxsensis Limited | 3.8 | 20.6 | 588 | (330) | 258 | 559 | (314) | 245 | (16) |
| Silent Herdsman Holdings Limited | 10.9 | 36.6 | 372 | (141) | 231 | 248 | – | 248 | (141) |
| PayAsUGym.com | 1.7 | 5.3 | 112 | (13) | 99 | 80 | – | 80 | (13) |
| Total growth investments | | | 13,413 | 1,266 | 14,679 | 10,594 | 1,554 | 12,148 | (234) |
| Total fixed asset investments | | | 24,980 | 4,303 | 29,283 | 20,689 | 3,747 | 24,436 | 714 |

* Albion Ventures LLP

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

Portfolio of investments (continued)

| | |
|---|--------------|
| Total change in value of investments for the year | 714 |
| Movement in loan stock accrued interest | (65) |
| Realised gains on fixed asset investments | 583 |
| Realised gains on current asset investments | 32 |
| Total gains on investments as per Income statement | 1,264 |

The comparative cost and valuations for 31 March 2014 do not agree to the Annual Report and Financial Statements for the year ended 31 March 2014 as the above list does not include brought forward investments that were fully disposed of in the year.

The following is a summary of fixed asset realisations in the year to 31 March 2015:

| | Cost £'000 | Opening carrying value £'000 | Disposal proceeds £'000 | Total realised gain £'000 | Gain on opening value £'000 |
|--|---------------|---------------------------------------|-------------------------------|------------------------------------|--------------------------------------|
| Fixed asset realisations | | | | | |
| Orchard Portman Group | 2,195 | 2,621 | 3,189 | 994 | 568 |
| Hilson Moran Holdings Limited (<i>loan stock repayment and redemption premium</i>) | 126 | 163 | 169 | 43 | 6 |
| Radnor House School (Holdings) Limited (<i>loan stock repayment and redemption premium</i>) | 19 | 123 | 130 | 111 | 7 |
| Masters Pharmaceuticals Limited (<i>loan stock repayment and redemption premium</i>) | 78 | 91 | 93 | 15 | 2 |
| The Charnwood Pub Company Limited (<i>loan stock repayment</i>) | 12 | 12 | 12 | – | – |
| Total fixed asset realisations | 2,430 | 3,010 | 3,593 | 1,163 | 583 |


The following is a summary of current asset realisations in the year to 31 March 2015:


| | Cost £'000 | Opening carrying value £'000 | Disposal proceeds £'000 | Total realised gain £'000 | Gain/ (loss) on opening value £'000 |
|--|---------------|---------------------------------------|-------------------------------|------------------------------------|---|
| Current asset investment realisations | | | | | |
| Dexela Limited | – | 30 | 69 | 69 | 39 |
| Opta Sports Data Limited | – | 13 | 6 | 6 | (7) |
| Total current asset realisations | – | 43 | 75 | 75 | 32 |


Portfolio companies


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


The most recently audited results are included for each portfolio company. Valuations are often based upon the most recent information available, which may include management accounts. The audited results are therefore not necessarily the figures used for the valuation.

| Radnor House School (Holdings) Limited | |  | |
|---|--|---|----------------|
| Radnor House is a group of co-educational independent day schools with sites in South West London and Sevenoaks in Kent. The group provides personalised education to students aged 3-18 and has the capacity to accommodate some 1,000 children. | | celebrating every individual Website: www.radnorhouse.org | |
| Audited results: year to 31 August 2014 | | Investment information | |
| | £'000 | | £'000 |
| Turnover | 5,017 | Income recognised in the year | 175 |
| EBITDA | 1,721 | Total cost | 2,776 |
| Profit before tax | 852 | Valuation | 4,264 |
| Net assets | 323 | Voting rights | 9.8 per cent. |
| Basis of valuation: | Net asset value supported by third party valuation | Voting rights for all AVL managed companies | 50.0 per cent. |

| Bravo Inns II Limited | |  | |
|---|--|---|----------------|
| The Company owns and operates a number of freehold pubs in the north of England. The pubs are trading well with considerable demand for the value offering. | | Website: www.bravoins.com | |
| Abbreviated audited results: year to 31 March 2014 | | Investment information | |
| | £'000 | | £'000 |
| Net assets | 3,233 | Income recognised in the year | 175 |
| Basis of valuation: | Net asset value supported by third party valuation | Total cost | 2,150 |
| | | Valuation | 2,184 |
| | | Voting rights | 13.1 per cent. |
| | | Voting rights for all AVL managed companies | 50.0 per cent. |

| TEG Biogas (Perth) Limited | |  | |
|--|--|---|----------------|
| TEG Biogas (Perth) owns an anaerobic digestion plant which is operating at full capacity and generating electricity. | | Website: www.theteggroup.plc.uk | |
| Abbreviated audited results: year to 31 December 2013 | | Investment information | |
| | £'000 | | £'000 |
| Net liabilities | (441) | Income recognised in the year | 99 |
| Basis of valuation: | Net asset value supported by third party valuation | Total cost | 1,314 |
| | | Valuation | 1,592 |
| | | Voting rights | 16.4 per cent. |
| | | Voting rights for all AVL managed companies | 50.0 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. | | PARTNERING • PATIENTS • MEDICINES Website: www.masters-sp.com | |
| Audited results: year to 31 December 2013 | | Investment information | |
| | £'000 | | £'000 |
| Turnover | 21,488 | Income recognised in the year | 41 |
| EBITDA | 1,188 | Total cost | 993 |
| Profit before tax | 562 | Valuation | 1,591 |
| Net assets | 497 | Voting rights | 6.7 per cent. |
| Basis of valuation: | Earnings multiple | Voting rights for all AVL managed companies | 21.0 per cent. |

| Regenerco Renewable Energy Limited | |  | |
|--|--|---|----------------|
| Regenerco builds, owns and operates a portfolio of over 2.3MW of rooftop photovoltaic installations across the UK. | | POWER THE FUTURE Website: www.regenerco.co.uk | |
| Abbreviated audited results: year to 31 December 2013 | | Investment information | |
| | £'000 | | £'000 |
| Net assets | 780 | Income recognised in the year | 119 |
| Basis of valuation: | Net asset value supported by third party valuation | Total cost | 1,263 |
| | | Valuation | 1,570 |
| | | Voting rights | 12.5 per cent. |
| | | Voting rights for all AVL managed companies | 50.0 per cent. |

Portfolio companies (continued)

Mirada Medical Limited

Mirada Medical has developed software that allows images from multiple sources to be combined to provide greater clinical certainty in diagnosis and treatment of cancer.



Website: www.mirada-medical.com

| | | Abbreviated audited results: year to 31 December 2013 | Investment information | £'000 |
|--------------------|------------------|--|---|----------------|
| Net assets | | 246 | Income recognised in the year | 25 |
| Basis of valuation | Revenue multiple | | Total cost | 636 |
| | | | Valuation | 1,525 |
| | | | Voting rights | 15.1 per cent. |
| | | | Voting rights for all AVL managed companies | 45.0 per cent. |

Greenenerco Limited

Greenenerco Limited installs, owns and operates a 500kW wind project in the UK.

| | | Abbreviated audited results: year to 31 March 2014 | Investment information | £'000 |
|--------------------|--|---|---|----------------|
| Net assets | | 420 | Income recognised in the year | 103 |
| Basis of valuation | Net asset value supported by third party valuation | | Total cost | 1,000 |
| | | | Valuation | 1,498 |
| | | | Voting rights | 28.6 per cent. |
| | | | Voting rights for all AVL managed companies | 50.0 per cent. |

Alto Prodotto Wind Limited

Alto Prodotto Wind is a company which builds, owns and operates three 500kW wind projects in the UK.



Website: www.infiniterenewables.com

| | | Abbreviated audited results: year to 31 March 2014 | Investment information | £'000 |
|--------------------|--|---|---|----------------|
| Net assets | | 1,541 | Income recognised in the year | 116 |
| Basis of valuation | Net asset value supported by third party valuation | | Total cost | 1,000 |
| | | | Valuation | 1,462 |
| | | | Voting rights | 11.1 per cent. |
| | | | Voting rights for all AVL managed companies | 50.0 per cent. |

The Street by Street Solar Programme Limited

The company installs, owns and operates domestic photovoltaic systems on over 600 homes in England.



| | | Abbreviated audited results: year to 30 November 2013 | Investment information | £'000 |
|--------------------|--|--|---|----------------|
| Net assets | | 834 | Income recognised in the year | 93 |
| Basis of valuation | Net asset value supported by third party valuation | | Total cost | 894 |
| | | | Valuation | 1,228 |
| | | | Voting rights | 8.6 per cent. |
| | | | Voting rights for all AVL managed companies | 50.0 per cent. |

Relayware Limited

The company provides a software-as-a service system which helps customers to grow revenue by improving the performance of their sales channels. Forrester Research recently ranked Relayware the leading partner relationship management (PRM) solution.



Website: www.relayware.com

| | | Abbreviated unaudited results: year to 31 December 2013 | Investment information | £'000 |
|--------------------|------------------|--|---|----------------|
| Net assets | | 1,245 | Income recognised in the year | 18 |
| Basis of valuation | Revenue Multiple | | Total cost | 1,065 |
| | | | Valuation | 1,099 |
| | | | Voting rights | 4.7 per cent. |
| | | | Voting rights for all AVL managed companies | 15.5 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 their fixed assets.

Directors' report

The Directors submit their Annual Report and the audited Financial Statements on the affairs of the Company for the year ended 31 March 2015.

BUSINESS REVIEW

Principal activity and status

The principal activity of the Company is that of a venture capital trust. It has been approved by H.M. Revenue & Customs ("HMRC") as a venture capital trust in accordance with 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 2015 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 official list of The London Stock Exchange.

Under current tax legislation, shares in the Company provide tax-free capital growth and income distribution, in addition to the income tax relief some investors would have obtained when they invested in the original share offers.

Capital structure

Details of the 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.

All Ordinary shares (except for treasury shares which have no right to dividend and no voting rights) 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.

Shareholders are entitled to receive dividends and are entitled to the return on capital on winding up or other return on capital based on the surpluses attributable to the shares.

Issue and buy-back of Ordinary shares

During the year the Company issued a total of 4,186,953 Ordinary shares, of which 3,965,013 Ordinary shares were issued under the Albion VCTs Top Up Offers; and 221,940

Ordinary shares were issued under the Dividend Reinvestment Scheme. The Company is currently engaged in the Albion VCTs Prospectus Top Up Offers 2014/2015 for which a prospectus has been published, copies of which are available on the Company's website at www.albion-ventures.co.uk.

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

Substantial interests and shareholder profile

As at 31 March 2015 and at the date of this report, the Company was not aware of any shareholder who had a beneficial interest exceeding 3 per cent. of voting rights. There have been no disclosures in accordance with Disclosure and Transparency Rule 5 made to the Company during the year ended 31 March 2015, and up to the date of this report.

Future developments of the business

Details on the future developments of the business can be found on page 6 of the Chairman's statement and on page 8 of the Strategic report.

Results and dividends

Detailed information on the results and dividends for the year ended 31 March 2015 can be found in the Strategic report on page 7.

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, its portfolio of investments is well diversified in terms of sector, and the major cash outflows of the Company (namely investments, share 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 Strategic report and this Directors' report.

Post balance sheet events

Details of events that have occurred since 31 March 2015 are shown in note 21.

Directors' report (continued)

Principal risks and uncertainties

A summary of the principal risks faced by the Company is set out on pages 11 and 12 of the Strategic report.

VCT regulation

The investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HMRC. In order to maintain its status under Venture Capital Trust legislation, a VCT must comply on a continuing basis with the provisions of Section 274 of the Income Tax Act 2007 as follows:

- (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'. For funds raised after 5 April 2011 the figure is 70 per cent.;
- (4) At the time of investment, or addition to an investment, the Company's holdings in any one company (other than another VCT) must not 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) The Company's shares, throughout the year, must have been listed on a regulated European market.

These tests drive a spread of investment risk through disallowing holdings of more than 15 per cent. in any portfolio company. The tests have been carried out and independently reviewed for the year ended 31 March 2015. The Company has complied with all tests and continues to do so.

'Qualifying holdings' 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. Eligible shares must comprise at least 10 per cent. by HMRC value of the total of the shares and securities that the Company holds in any one portfolio company. 'Qualifying trade' excludes, amongst other sectors, dealing in property or shares and securities, insurance, banking and agriculture. Details of the sectors in which the Company is invested can be found in the pie chart on page 7.

Portfolio company gross assets must not exceed £15 million immediately prior to the investment and £16 million immediately

thereafter. No company may receive more than £5 million in aggregate from all state-aided providers of risk capital, including VCTs, in the 12 month period up to and including the most recent such investment.

Environment

The management and administration of the Company 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 recycling and reducing energy consumption as is shown in the financial statements of Albion Ventures LLP.

Global greenhouse gas emissions

The Company has no greenhouse gas emissions to report from the operations of the Company, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) regulations 2013, including those within our underlying investment portfolio.

Anti-bribery policy

The Company has adopted a zero tolerance approach to bribery, and will not tolerate bribery under any circumstances in any transaction the Company is involved in.

Albion Ventures LLP reviews the anti-bribery policies and procedures of all portfolio companies.

Diversity

The Board currently consists of three male directors and one female director. The Board's policy on the recruitment of new Directors is to attract a range of backgrounds, skills and experience and to ensure that appointments are made on the grounds of merit against clear and objective criteria and bear in mind gender and other diversity within the Board.

More details on the Directors can be found in the Board of Directors section on page 13.

The Manager has an equal opportunities policy and currently employees 13 men and 10 women.

Employees

The Company is managed by Albion Ventures LLP and hence has no employees. The Board consists solely of non-executive Directors.

Directors' report (continued)

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 in the Directors' remuneration report on page 30.

No Director has a service contract with the Company.

All Directors, except for Patrick Reeve, who is the managing partner of the Manager, are members of the Audit Committee, of which Lord St. John of Bletso is Chairman. 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.

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/her in relation to the performance of his/her 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 UK Corporate Governance Code. At the forthcoming Annual General Meeting, Lady Balfour of Burleigh, will retire and offer herself for re-election. Patrick Reeve is not considered to be independent as he is the managing partner of the Manager, Albion Ventures LLP and will therefore also retire and offer himself for re-election at the forthcoming Annual General Meeting.

Advising ordinary retail investors

The Company currently conducts its affairs so that its shares can be recommended by financial intermediaries to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The FCA's restrictions which apply to non-mainstream investment products do not apply to the Company's shares because they are shares in a VCT which, for the purposes of the rules relating to non-mainstream investment products, are excluded securities and may be promoted to ordinary retail investors without restriction.

Auditor

The Audit Committee annually reviews and evaluates the standard and quality of service provided by the Auditor, as well as value for money in the provision of these services.

A resolution to re-appoint BDO LLP will be put to the Annual General Meeting.

Annual General Meeting

The Annual General Meeting will be held at the City of London Club, 19 Old Broad Street, London EC2N 1DS at 11.00am on 27 August 2015. 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 Conduct Authority.

Authority to allot shares

Ordinary resolution number 7 will request the authority for the Directors to allot up to an aggregate nominal amount of £88,454 representing approximately 20 per cent. of the issued Ordinary share capital of the Company as at the date of this Report.

The Directors current intention is to allot shares under the Dividend Reinvestment Scheme, any future Albion VCTs Top Up Offers and the reissuance of treasury shares where it is in the Company's interest to do so.

The Company currently holds 4,907,000 treasury shares representing 11.1 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 2014. The authority sought at the forthcoming Annual General Meeting will expire 18 months from the date that this resolution is passed or at the conclusion of the next Annual General Meeting of the Company, whichever is earlier.

Disapplication of pre-emption rights

Special resolution number 8 will request the 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

Directors' report (continued)

Company holds in treasury for cash. The authority relates to a maximum aggregate of £88,454 of the nominal value of the share capital representing approximately 20 per cent. of the issued Ordinary share capital of the Company as at the date of this Report.

This resolution replaces the authority given to the Directors at the Annual General Meeting in 2014. The authority sought at the forthcoming Annual General Meeting will expire 18 months from the date that this resolution is passed or at the conclusion of the next Annual General Meeting of the Company, whichever is earlier.

Purchase of own shares

Special resolution number 9 will request authority for the Company to purchase 14.99 per cent. of the Company's issued Ordinary share capital at, or between, the minimum and maximum prices specified in resolution 9.

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

This resolution would renew the 2014 authority, which was on similar terms.

During the financial year under review, the Company purchased 1,233,000 Ordinary shares for treasury at an aggregate consideration of £1,094,000 including stamp duty and did not purchase any Ordinary shares for cancellation.

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

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 10 will request the authority to permit Directors to sell treasury shares at the higher of the prevailing current share price and the price at which they were bought in at.

Recommendation

The Board believes that the passing of the resolutions proposed at the forthcoming 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 shareholdings.

Directors' responsibilities

The Directors are responsible for preparing the Strategic report, the Directors' report, the Directors' remuneration report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable 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 are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a Strategic report, a Director's report and Director's remuneration report which comply with the requirements of the Companies Act 2006.

Directors' report (continued)

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.

Following reviews of the Annual Report and Financial Statements and consideration of the key areas of risk identified, the Directors have concluded that, as a whole, the Annual Report and Financial Statements are fair, balanced and understandable and that they provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

Website publication

The Directors are responsible for ensuring the Annual Report and the Financial Statements are made available on a website. Financial Statements are published on the Company's webpage on the Manager's website (www.albion-ventures.co.uk) in accordance with legislation in the United Kingdom governing the preparation and dissemination of Financial Statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Manager's website is, so far as it relates to the Company, the responsibility of the Manager.

The work carried out by the Auditor does not involve consideration of the maintenance and integrity of this website and, accordingly, the Auditor accepts no responsibility for any changes that have occurred to the Financial Statements since they were initially presented on the website.

Directors' responsibilities pursuant to Disclosure and Transparency Rule 4 of the UK Listing Authority

The Directors confirm, to the best of their knowledge:

- that the Financial Statements have been prepared in accordance with UK Generally Accepted Accounting Practice and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- that the Annual Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

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

18 June 2015

Statement of corporate governance

Background

The Financial Conduct Authority requires all listed companies to disclose how they have applied the principles and complied with the provisions of the UK Corporate Governance Code (the "Code") issued by the Financial Reporting Council ("FRC") in September 2012.

The updated UK Corporate Governance Code was published in September 2014 and will be effective for periods beginning 1 April 2015. The Company will therefore be required to comply with the new Code in the next financial year. The updated Code integrates and replaces the current guidance for Directors on internal controls, going concern and liquidity risk and places additional responsibilities on the Board and the Audit Committee. Steps are being taken to ensure compliance with all relevant parts of the updated Code.

The Board of the Company 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 the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Corporate Governance 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 the 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, and he, Lord St. John of Bletso and Lady Balfour of Burleigh, are considered

independent Directors. Lord St. John of Bletso is 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 Board does not have a policy of limiting the tenure of any Director as the Board does not consider that a Director's length of service reduces his or her ability to act independently of the Manager. Patrick Reeve is subject to annual re-election as he is not considered to be an independent Director. Lady Balfour of Burleigh will also retire and offer herself for re-election.

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 13. The Directors have considered diversity in relation to the composition of the Board and have concluded that its membership is diverse in relation to gender, experience and balance of skills.

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 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 UK Corporate Governance 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. Maxwell Packe, Lady Balfour of Burleigh and Patrick Reeve attended all meetings. Lord St. John of Bletso attended three meetings. A sub-committee of the Board comprising at least two Directors met during the year to allot shares issued under the Dividend Reinvestment Scheme and the Albion VCTs Top Up Offers and also met during the year to approve the terms and contents of the Offers documents under the Albion VCTs Prospectus Top Up Offers 2014/2015.

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.

Statement of corporate governance (continued)

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 appointment, evaluation, removal and remuneration of the Manager;
- the consideration and approval of future developments or changes to the investment policy, including risk and asset allocation;
- consideration of corporate strategy and corporate events that arise;
- application of the principles of the UK Corporate Governance Code, corporate governance and internal control;
- review of sub-committee recommendations, including the recommendation to shareholders for the appointment and remuneration of the Auditor;
- evaluation of non-audit services provided by the external Auditor;
- approval of the appropriate dividend to be paid to shareholders;
- the performance of the Company, including monitoring of the discount of the net asset value and the share price;
- share buy-back and treasury share policy; and
- monitoring shareholder profile and considering shareholder communications.

It is the responsibility of the Board to present an Annual Report that is fair, balanced and understandable, which provides the information necessary for shareholders to assess the performance, strategy and business model of the Company.

Committees' and Directors' performance evaluation

Performance of the Board and the Directors is assessed on the following bases:

- 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 Senior Independent Director reviews the Chairman's annual performance evaluation.

The evaluation process has identified that the Board works well together and has the right balance of skills, experience, independence and knowledge of the Company amongst the

Directors. Diversity within the Board is achieved through the appointment of directors with different backgrounds and skills.

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.

In light of the structured performance evaluation, Lady Balfour of Burleigh and Patrick Reeve, both of whom are subject to re-election at the forthcoming Annual General Meeting, are considered to be effective Directors 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

Lady Balfour of Burleigh is Chairman of the Remuneration Committee and all of the Directors are members of this Committee except Patrick Reeve. The Committee held one formal meeting during the year which was fully attended by all the members of the Committee.

The terms of reference for the Remuneration Committee can be found on the Company's website at www.albion-ventures.co.uk within the 'Our Funds' section by clicking on Albion Enterprise VCT PLC and looking under the Corporate Governance section.

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, all members of the Audit Committee have recent and relevant financial experience. The Committee met twice during the year ended 31 March 2015; all members attended.

Written terms of reference have been constituted for the Audit Committee and can be found on the Company's website at www.albion-ventures.co.uk within the 'Our Funds' section by clicking on Albion Enterprise VCT PLC.

During the year under review, the Committee discharged the responsibilities including:

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

Statement of corporate governance (continued)

- reviewing the effectiveness of the internal controls system and examination of the Internal Controls Report produced by the Manager;
- meeting with the external Auditor and reviewing their findings;
- reviewing the performance of the Manager and making recommendations regarding their re-appointment to the Board;
- highlighting the key risks and specific issues relating to the Financial Statements including the reasonableness of valuations, compliance with accounting standards and UK law, corporate governance and listing and disclosure rules as well as going concern. These issues were addressed through detailed review, discussion and challenge by the Board of these matters, as well as by reference to underlying technical information;
- advising the Board on whether the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy; and
- reporting to the Board on how it has discharged its responsibilities.

Financial Statements

The Audit Committee has initial responsibility for reviewing the Financial Statements and reporting on any significant issues that arise in relation to the audit of the Financial Statements as outlined below. The Audit Committee considered whether these issues were properly considered at the planning stage of the audit and the issues were discussed with the external Auditor prior to the completion of the audit of the Financial Statements. No major conflicts arose between the Audit Committee and the external Auditor in respect of their work during the period.

The key accounting and reporting issues considered by the Committee were:

The valuation of the Company's investments

Valuations of investments are prepared by the Investment Manager. The Audit Committee reviewed the estimates and judgments made in relation to these investments and were satisfied that they were appropriate. The Audit Committee also discussed the controls in place over the valuation of investments. The Committee recommended investment valuations to the Board for approval.

Revenue recognition

The revenue generated from loan stock interest and dividend income has been considered by the Audit Committee as part of its review of the Annual Report as well as a quarterly review of the management accounts prepared by the Manager. The Audit Committee has considered the controls in place over revenue recognition to ensure that amounts received are in line with expectation and budget.

Following detailed reviews of the Annual Report and Financial Statements and consideration of the key areas of risk identified, the Board as a whole have concluded that the Financial Statements are fair, balanced and understandable and that they provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

Relationship with the External Auditor

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 their quality assurance procedures. In advance of each audit, the Committee obtains confirmation from the external Auditor that they are independent and of the level of non-audit fees earned by them and their affiliates. There were no non-audit fees charged to the Company during the year.

As part of its work, the Audit Committee has undertaken a formal evaluation of the external Auditor against the following criteria:

- Qualification
- Expertise
- Resources
- Effectiveness
- Independence
- Leadership

In order to form a view of the effectiveness of the external audit process, the Committee took into account information from the Manager regarding the audit process, the formal documentation issued to the Audit Committee and the Board by the external Auditor regarding the external audit for the year ended 31 March 2015, and assessments made by individual Directors.

The Audit Committee also has an annual meeting with the external Auditor, without the Manager present, at which pertinent questions are asked to help the Audit Committee

Statement of corporate governance (continued)

determine if the Auditor's skills match all the relevant and appropriate criteria.

In 2007, the Audit Committee undertook a tendering exercise for provision of audit services. As a result of this process, BDO LLP was appointed as Auditor with effect from 2008. The Audit Committee annually reviews and evaluates the standard and quality of service provided by the Auditor, as well as value for money in the provision of these services.

The current audit engagement partner has served five years in this role following the completion of the 31 March 2015 audit. The Audit Engagement rotation requirement allows a maximum rotation period of five years, and therefore a new audit engagement partner will be assigned to the audit for the year ending 31 March 2016.

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 a resolution to re-appoint BDO LLP be proposed at the Annual General Meeting.

Nomination Committee

The Nomination Committee consists of all Directors, apart from Patrick Reeve, with Maxwell Packe as Chairman.

The Board's policy on the recruitment of new Directors is to attract a range of backgrounds, skills and experience and to ensure that appointments are made on the grounds of merit against clear and objective criteria and bear in mind gender and other diversity within the Board.

The Nomination Committee did not meet during the year.

Terms of reference for the Nomination Committee can be found on the Company's website at www.albion-ventures.co.uk within the 'Our Funds' section by clicking on Albion Enterprise VCT PLC.

Internal control

In accordance with the UK Corporate Governance 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 UK Corporate Governance 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, assisted by the Audit Committee, monitors all controls, including financial, operational and compliance controls, and risk management. The Audit Committee 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 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 Audit Committee's attention.

The Board, through the Audit Committee, 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 third party valuations of the majority of the asset-based 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 Finance Director of Albion Ventures LLP;
- bank and stock reconciliations are carried out monthly by the Manager in accordance with FCA 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 had access to PKF Littlejohn LLP, which, as internal Auditor for Albion Ventures LLP, undertakes periodic examination of the business processes and controls environment at Albion Ventures LLP, and ensures that any recommendations to implement improvements in

Statement of corporate governance (continued)

controls are carried out. PKF Littlejohn LLP report formally to the Board on an annual basis. Patrick Reeve on behalf of the Chairman of the Audit Committee, met with the internal audit Partner of PKF Littlejohn LLP in January 2015 to discuss the most recent Internal Audit Report on the Manager. The Board will continue to monitor its system of internal control in order to provide assurance that it operates as intended.

Conflicts of interest

Directors review the disclosure of conflicts of interest annually, with any changes reviewed and noted at the beginning of each Board meeting. 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 19, 21 and 22 respectively of the Directors' report. 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 27 August 2015 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.

For help relating to dividend payments, shareholdings and share certificates please contact Computershare Investor Services PLC:

Tel: 0870 873 5860 (UK National Rate call, lines are open 8.30am – 5.30pm; Mon – Fri; calls may be recorded)

Website: www.investorcentre.co.uk

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

For enquiries relating to the performance of the Fund and information for financial advisers please contact Albion Ventures LLP:

Tel: 020 7601 1850 (lines are open 9.00 am – 5.30 pm; Mon-Fri; calls may be recorded)

Email: info@albion-ventures.co.uk

Website: www.albion-ventures.co.uk

Please note that these contacts are unable to provide financial or taxation advice.

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

The Directors consider that the Company has complied throughout the year ended 31 March 2015 with all the relevant provisions set out in the Code issued in September 2012, and with the AIC Code of Corporate Governance. The Company continues to comply with the Code as at the date of this report.

Maxwell Packe

Chairman

18 June 2015

Directors' remuneration report

Introduction

This report is submitted in accordance with Section 420 of the Companies Act 2006 and describes how the Board has applied the principles relating to the Directors' remuneration.

An Ordinary resolution will be proposed at the Annual General Meeting of the Company to be held on 27 August 2015 for the approval of the Annual Remuneration Report as set out below. The current Remuneration Policy was approved by the Shareholders (97 per cent. of shareholders voted for the resolution) at the Annual General Meeting held on 7 August 2014, and it will remain in place for a three year period.

The Company's independent Auditor, BDO LLP, is required to give its opinion on certain information included in this report, as indicated below. The Auditor's opinion is included in the Independent Auditor's report.

Annual statement from the Chairman of the Remuneration Committee

The Remuneration Committee comprises all of the Directors, excluding Patrick Reeve, with Lady Balfour of Burleigh as Chairman.

Directors' salaries have not increased since 2010. The Remuneration Committee met once during the year to review Directors responsibilities and salaries against the market and concluded that the current level of remuneration was appropriate.

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. There is no performance related pay criteria applicable to non-executive Directors.

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.

This policy will continue for the year ended 31 March 2016. An ordinary resolution to approve the Directors' Remuneration Policy will be put to shareholders at least once every three years.

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. In accordance with the recommendations of the AIC Code, Directors who have served the Company for longer than nine years are subject to annual re-election, and any non-independent Directors are also subject to annual re-election. At the forthcoming Annual General Meeting Lady Balfour of Burleigh and Patrick Reeve will retire and be proposed for re-election.

None of the Directors have a service contract with the Company, and as such there is no policy on termination payments. There is no notice period and no payments for loss of office were made during the period. On being appointed to the Board, Directors receive a letter from the Company setting out the terms of their appointment and their specific duties and responsibilities. The Company has no employees other than the Directors.

Shareholders' views in respect of Directors' remuneration are regarded highly and the Board encourages Shareholders' to attend its Annual General Meeting in order to communicate their thoughts, which it takes into account where appropriate when formulating its policy. At the last Annual General Meeting, 96.9 per cent of shareholders voted for the resolution approving the Directors' Remuneration Report which shows significant Shareholder support.

Annual report on remuneration

The remuneration of individual Directors' is determined by the Remuneration Committee within the framework set by the Board. The Committee comprises all Directors, except Patrick Reeve, and is chaired by Lady Balfour of Burleigh. The Committee meets at least once a year and met once during the year under review with full attendance from all of its members.

It is responsible for reviewing the remuneration of the Directors and the Company's remuneration policy to ensure that it reflects the duties, responsibilities and value of time spent by the Directors on the business of the Company and makes recommendations to the Board accordingly.

Directors' remuneration report (continued)

Directors' remuneration

The following items have been audited.

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

| | Year ended 31 March 2015 | Year ended 31 March 2014 |
|---|------------------------------------|-----------------------------|
| | £'000 | £'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) | <u>18</u> | <u>18</u> |
| | <u>74</u> | <u>74</u> |

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

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

In addition to Directors' remuneration, the Company pays an annual premium in respect of Directors' & Officers' Liability Insurance of £8,586 (2014: £9,540).

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 2015 | 31 March 2014 |
|--------------------------|-----------------------|------------------|
| Maxwell Packe | 338,283 | 260,116 |
| Lady Balfour of Burleigh | 28,648 | 26,548 |
| Lord St. John of Bletso | 20,700 | 20,700 |
| Patrick Reeve | <u>65,255</u> | <u>61,938</u> |
| | <u>452,886</u> | <u>369,302</u> |

There have been no changes in the holdings of the Directors between 31 March 2015 and the date of this Report.

There are no guidelines or requirements in respect of Directors' share holdings.

The following items have not been audited.

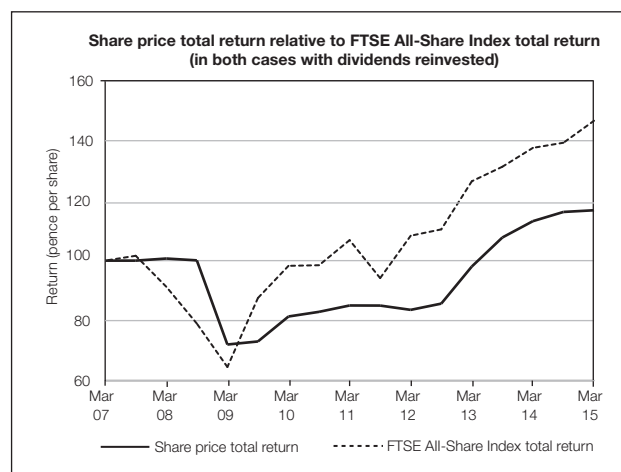
Partners and staff of Albion Ventures LLP hold a total of 146,328 shares in the Company as at 31 March 2015.

Partners and staff of Albion Ventures LLP were issued with a further 4,277 shares under the Albion VCTs Prospectus Top Up Offers 2014/2015 on 2 April 2015.

Performance graph

The graph below shows the Company's share price total return relative to the FTSE All-Share Index total return, in both instances with dividends reinvested, since launch. The Directors consider the FTSE All-Share Index to be the most appropriate benchmark for the Company. 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.



Source: Albion Ventures LLP

Methodology: The share price total 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.

Relative importance of spend on pay

| | 2015 £'000 | 2014 £'000 | Percentage change |
|----------------------|---------------|---------------|----------------------|
| Dividend | 1,791 | 1,661 | 7.8 |
| Total directors fees | 74 | 74 | - |

By Order of the Board

Albion Ventures LLP

Company Secretary
1 King's Arms Yard
London, EC2R 7AF

18 June 2015

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

Our opinion on the financial statements

In our opinion the Albion Enterprise VCT PLC financial statements for the year ended 31 March 2015, which have been prepared by the directors in accordance with applicable law and United Kingdom Accounting Standards:

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

What our opinion covers

Our audit opinion on the financial statements covers the:

- Income Statement;
- Balance Sheet;
- Reconciliation of Movements in Shareholders' Funds;
- Cash Flow Statement; and
- related notes.

Respective responsibilities of directors and auditor

As explained more fully in the report of the directors, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the FRC's Ethical Standards for Auditors.

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's (FRC) website at www.frc.org.uk/auditscopeukprivate

Our approach

Our audit approach was developed by obtaining an understanding of the Company's activities, the key functions undertaken on behalf of the Board by the Investment Manager and Administrator and, the overall control environment. Based on this understanding we assessed those aspects of the company's transactions and balances which were most likely to give rise to a material misstatement. Below are those risks which we considered to have the greatest impact on our audit strategy and our audit response:

| Risk area | Audit response |
|--|---|
| <p>Valuation of investments:</p> <p>Valuation of investments is a key accounting estimate where there is an inherent risk of management override arising from the investment valuations being prepared by the Investment Manager, who is remunerated based on the net asset value of the company.</p> | <p>We considered the design and implementation of controls in place over the valuation of investments and also reviewed the assumptions and underlying evidence supporting the year end valuations. In doing so, we reviewed the valuation reports prepared by the Investment Manager for all unquoted investments considering whether, in our professional judgement, the methodology is the most appropriate in the circumstances under the IPEV guidelines and, for a risk-determined sample of the investments we:</p> <ul style="list-style-type: none"> ● Re-performed the calculation of the investment valuation; ● Verified key inputs to the valuation to independent information; ● Benchmarked key inputs and estimates to independent information and our own research; ● Where appropriate, performed sensitivity analyses on the valuation calculations where, in our opinion, there was sufficient evidence to suggest reasonable alternative inputs might exist; ● Challenged the Investment Manager regarding significant judgements made; and ● Considered the economic environment in which the investment operates to identify factors that could impact the investment valuation. |

Independent Auditor's report to the Members of Albion Enterprise VCT PLC (continued)

| Risk area | Audit response |
|---|--|
| <p>Revenue recognition:</p> <p>Revenue consists of loan stock interest, dividends receivable from portfolio companies and interest earned on cash balances. Revenue recognition is a presumed risk under International Standards on Auditing (UK & Ireland).</p> | <ul style="list-style-type: none"> ● We assessed the design and the implementation of the controls relating to revenue recognition and we developed expectations for interest income receivable based on loan instruments and investigated any variations in amounts recognised to ensure they were valid; ● We considered whether the accounting policy had been applied correctly by management in determining provisions against income where recovery is considered doubtful, considering management information relevant to the ability of the portfolio company to service the loan and the reasons for any arrears of loan interest; ● We reviewed the recognition and classification of any accrued income, considering the appropriateness of the classification of income between revenue and capital in the Income Statement; and ● We tested dividends receivable to cash received, as well as to supporting documentation and management accounts of the portfolio companies. |

The Audit Committee's consideration of their key issues is set out on page 26.

Materiality in context

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. For planning, we consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below this level will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the Financial Statements. The application of these key considerations gives rise to two levels of materiality, the quantum and purpose of which are tabulated below.

| Materiality measure | Purpose | Key considerations and benchmarks | Quantum (£) |
|--|---|--|-------------|
| Financial statement materiality | Assessing whether the financial statements as a whole present a true and fair view. | <ul style="list-style-type: none"> ● The value of net assets ● The level of judgement inherent in the valuation ● The range of reasonable alternative valuation | 600,000 |
| Specific materiality – classes of transactions and balances which impact on net realised returns | Assessing those classes of transactions, balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. | <ul style="list-style-type: none"> ● Revenue return before taxation | 80,000 |

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £8,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

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;

Independent Auditor's report to the Members of Albion Enterprise VCT PLC (continued)

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out on pages 24 to 28 of the annual report with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

Matters on which we are required to report by exception

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the company acquired in the course of performing our audit; or
- is otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed.

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; or
- a Corporate Governance Statement has not been prepared by the company.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 19, in relation to going concern; and
- the part of the corporate governance statement relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

We have nothing to report in respect of these matters.

Rhodri Whitlock (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor

London

United Kingdom

18 June 2015

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Income statement

| | Note | Year ended 31 March 2015 | | | Year ended 31 March 2014 | | |
|--|------|--------------------------|------------------|----------------|--------------------------|------------------|----------------|
| | | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| Gains on investments | 3 | – | 1,264 | 1,264 | – | 2,833 | 2,833 |
| Investment income | 4 | 1,258 | – | 1,258 | 1,099 | – | 1,099 |
| Investment management fees | 5 | (210) | (628) | (838) | (194) | (580) | (774) |
| Other expenses | 6 | (201) | – | (201) | (193) | – | (193) |
| Return on ordinary activities before tax | | 847 | 636 | 1,483 | 712 | 2,253 | 2,965 |
| Tax (charge)/credit on ordinary activities | 8 | (119) | 131 | 12 | (151) | 131 | (20) |
| Return attributable to shareholders | | 728 | 767 | 1,495 | 561 | 2,384 | 2,945 |
| Basic and diluted return per share (pence)* | 10 | 2.07 | 2.18 | 4.25 | 1.70 | 7.30 | 9.00 |

* excluding treasury shares

The accompanying notes on pages 38 to 51 form an integral part of these Financial Statements.

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

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

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

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

Balance sheet

| | Note | 31 March 2015 £'000 | 31 March 2014 £'000 |
|---|------|------------------------|------------------------|
| Fixed asset investments | 11 | 29,283 | 26,720 |
| Current assets | | | |
| Trade and other debtors | 13 | 66 | 122 |
| Current asset investments | 13 | – | 43 |
| Cash at bank and in hand | 17 | 5,621 | 5,514 |
| | | 5,687 | 5,679 |
| Creditors: amounts falling due within one year | 14 | (308) | (343) |
| Net current assets | | 5,379 | 5,336 |
| Net assets | | 34,662 | 32,056 |
| Capital and reserves | | | |
| Called up share capital | 15 | 409 | 367 |
| Share premium | | 6,969 | 3,015 |
| Capital redemption reserve | | 104 | 104 |
| Unrealised capital reserve | | 4,189 | 4,164 |
| Realised capital reserve | | 814 | 72 |
| Other distributable reserve | | 22,177 | 24,334 |
| Total equity shareholders' funds | | 34,662 | 32,056 |
| Basic and diluted net asset value per share (pence)* | 16 | 96.22 | 96.90 |

* excluding treasury shares

The accompanying notes on pages 38 to 51 form an integral part of these Financial Statements.

These Financial Statements were approved by the Board of Directors, and were authorised for issue on 18 June 2015 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 | Capital redemption reserve £'000 | Unrealised capital reserve £'000 | Realised capital reserve* £'000 | Other distributable reserve* £'000 | Total £'000 |
|--|--|---------------------------|---|---|--|---|----------------|
| As at 1 April 2014 | 367 | 3,015 | 104 | 4,164 | 72 | 24,334 | 32,056 |
| Return for the period | – | – | – | 649 | 118 | 728 | 1,495 |
| Transfer of previously unrealised gains on sale of investments | – | – | – | (624) | 624 | – | – |
| Issue of share capital (net of costs) | 42 | 3,954 | – | – | – | – | 3,996 |
| Purchase of shares for treasury | – | – | – | – | – | (1,094) | (1,094) |
| Dividends paid | – | – | – | – | – | (1,791) | (1,791) |
| As at 31 March 2015 | 409 | 6,969 | 104 | 4,189 | 814 | 22,177 | 34,662 |

| | | | | | | | |
|--|------------|--------------|------------|--------------|-----------|---------------|---------------|
| As at 1 April 2013 | 345 | 290 | 97 | 1,810 | (536) | 27,593 | 29,599 |
| Return/(loss) for the period | – | – | – | 2,570 | (186) | 561 | 2,945 |
| Transfer of previously unrealised gains on sale of investments | – | – | – | (216) | 216 | – | – |
| Issue of share capital (net of costs) | 30 | 2,725 | – | – | – | – | 2,755 |
| Purchase of shares for cancellation | (1) | – | 1 | – | – | (81) | (81) |
| Purchase of shares for treasury | – | – | – | – | – | (1,501) | (1,501) |
| Cancellation of treasury shares | (6) | – | 6 | – | – | – | – |
| Dividends paid | – | – | – | – | – | (1,661) | (1,661) |
| Transfer from other distributable reserve | – | – | – | – | 578 | (578) | – |
| As at 31 March 2014 | 367 | 3,015 | 104 | 4,164 | 72 | 24,334 | 32,056 |

* Included within the aggregate of these reserves is an amount of £22,991,000 (2014: £24,406,000) which is considered distributable.

Cash flow statement

| | Note | Year ended 31 March 2015 £'000 | Year ended 31 March 2014 £'000 |
|--|------|--------------------------------------|--------------------------------------|
| Operating activities | | | |
| Dividend income received | | 84 | 32 |
| Loan stock income received | | 1,047 | 1,028 |
| Deposit interest received | | 65 | 135 |
| Investment management fees paid | | (823) | (759) |
| Other cash payments | | (203) | (197) |
| Net cash flow from operating activities | 18 | 170 | 239 |
| Taxation | | | |
| UK corporation tax | | (15) | (36) |
| Capital expenditure and financial investments | | | |
| Purchase of fixed asset investments | | (4,918) | (4,406) |
| Disposal of fixed asset investments | | 3,579 | 2,455 |
| Disposal of current asset investments | | 177 | – |
| Net cash flow from investing activities | | (1,162) | (1,951) |
| Equity dividends paid (net of cost of shares issued under the Dividend Reinvestment Scheme) | | | |
| | | (1,580) | (1,496) |
| Management of liquid resources | | | |
| Disposal of current asset investments | | – | 1,553 |
| Net cash flow from management of liquid resources | | – | 1,553 |
| Net cash flow before financing | | (2,587) | (1,691) |
| Financing | | | |
| Issue of ordinary share capital (net of issue costs) | | 3,788 | 2,589 |
| Purchase of own shares (including costs) | | (1,094) | (1,582) |
| Net cash flow from financing | | 2,694 | 1,007 |
| Cash flow in the year | 17 | 107 | (684) |

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" ('AIC 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

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 International Private Equity and Venture Capital Valuation Guidelines (IPEVCV guidelines).

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

Warrants and unquoted equity derived instruments

Warrants and unquoted equity derived instruments are only valued 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 stocks (excluding debt issued at a discount and convertible bonds) are classified as loans and receivables as permitted by FRS 26 and measured 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 other distributable 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 movements arising from revaluations of the fair value of the security.

For all unquoted loan stock, whether fully performing, past due or impaired, the Board considers that 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.

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.

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 as part of an investment portfolio are not accounted for using the equity method. In these circumstances the investment is accounted for according to FRS 26 "Financial Instruments Recognition and Measurement" and measured at fair value through profit and loss.

Current asset investments

Contractual future contingent receipts on the disposal of fixed asset investments are designated at fair value through profit and loss and are subsequently measured at fair value.

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 the 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 accrual basis using the rate of interest agreed with the bank.

Investment management fees and other 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.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

Performance incentive fee

In the event that a performance incentive fee crystallises, the fee will be allocated between other distributable 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. Deferred tax assets and liabilities are not discounted.

Reserves

Share premium account

This reserve accounts for the difference between the price paid for shares and the nominal value of the shares, less issue costs and transfers to the other distributable reserve.

Capital redemption reserve

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

Unrealised capital reserve

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

Realised capital reserve

The following are disclosed in this reserve:

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

Other distributable reserve

The special reserve, treasury share reserve and the revenue reserve were combined in 2013 to form a single reserve named other distributable reserve.

This reserve accounts for movements from the revenue column of the Income statement, the payment of dividends, the buyback of shares and other non-capital realised movements.

Dividends

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

Notes to the Financial Statements (continued)

3. Gains on investments

| | Year ended 31 March 2015 £'000 | Year ended 31 March 2014 £'000 |
|---|--------------------------------------|--------------------------------------|
| Unrealised gains on fixed asset investments held at fair value through profit or loss | 591 | 2,463 |
| Unrealised reversals of impairments on fixed asset investments held at amortised cost | 58 | 94 |
| Unrealised gains on fixed asset investments sub-total | 649 | 2,557 |
| Unrealised gains on current asset investments held at fair value through profit or loss | – | 13 |
| Unrealised gains sub-total | 649 | 2,570 |
| Realised gains on fixed asset investments held at fair value through profit or loss | 574 | 405 |
| Realised gains/(losses) on fixed asset investments held at amortised cost | 9 | (142) |
| Realised gains on fixed asset investments sub-total | 583 | 263 |
| Realised gains on current asset investments held at fair value through profit or loss | 32 | – |
| Realised gains sub-total | 615 | 263 |
| | 1,264 | 2,833 |

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

4. Investment income

| | Year ended 31 March 2015 £'000 | Year ended 31 March 2014 £'000 |
|---|--------------------------------------|--------------------------------------|
| Income recognised on investments held at fair value through profit or loss | | |
| Dividend income | 76 | 40 |
| Interest on convertible bonds and debt issued at a discount | 468 | 370 |
| | 544 | 410 |
| Income recognised on investments held at amortised cost | | |
| Return on loan stock investments | 646 | 569 |
| Bank deposit interest | 68 | 120 |
| | 714 | 689 |
| | 1,258 | 1,099 |

Interest income earned on impaired investments at 31 March 2015 amounted to £45,000 (2014: £48,000). These investments are all held at amortised cost.

All of the Company's income is derived from operations in the United Kingdom.

Notes to the Financial Statements (continued)

5. Investment management fees

| | Year ended 31 March 2015 £'000 | Year ended 31 March 2014 £'000 |
|--|---|--------------------------------------|
| Investment management fee charged to revenue | 210 | 194 |
| Investment management fee charged to capital | 628 | 580 |
| | 838 | 774 |

Further details of the Management agreement under which the investment management fee is paid are given in the Strategic report on page 9.

During the year, services of a total value of £838,000 (2014: £774,000) were purchased by the Company from Albion Ventures LLP. At the financial year end, the amount due to Albion Ventures LLP in respect of these services disclosed as accruals and deferred income was £216,000 (2014: £200,000).

Patrick Reeve is the Managing Partner of the Manager, Albion Ventures LLP. During the year, the Company was charged by Albion Ventures LLP £21,600 including VAT (2014: £21,600) in respect of his services as a Director. At the year end, the amount due to Albion Ventures LLP in respect of these services disclosed as accruals and deferred income was £5,400 (2014: £5,400).

Albion Ventures LLP is, from time to time, eligible to receive transaction fees and Directors' fees from portfolio companies. During the year ended 31 March 2015, fees of £194,000 attributable to the investments of the Company were received pursuant to these arrangements (2014: £169,000).

6. Other expenses

| | Year ended 31 March 2015 £'000 | Year ended 31 March 2014 £'000 |
|--|---|--------------------------------------|
| Directors' fees and associated costs (inclusive of NIC and VAT) | 83 | 84 |
| Auditor's remuneration for statutory audit services (exclusive of VAT) | 25 | 24 |
| Other administrative expenses | 93 | 85 |
| | 201 | 193 |

7. Directors' fees and associated costs

The amounts paid to and on behalf of the Directors during the year are as follows:

| | Year ended 31 March 2015 £'000 | Year ended 31 March 2014 £'000 |
|-------------------------------|---|--------------------------------------|
| Directors' fees | 74 | 74 |
| National insurance and/or VAT | 8 | 8 |
| Expenses | 1 | 2 |
| | 83 | 84 |

Expenses charged related to travel expenses in furtherance of their duties as Directors. Further information regarding Directors' remuneration can be found in the Directors' remuneration report on pages 29 and 30.

Notes to the Financial Statements (continued)

8. Tax (charge)/credit on ordinary activities

| | Year ended 31 March 2015 | | | Year ended 31 March 2014 | | |
|--|--------------------------|------------------|----------------|---|---|----------------|
| | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| UK corporation tax in respect of the current year | (160) | 131 | (29) | (149) | 131 | (18) |
| UK corporation tax in respect of prior year | 41 | – | 41 | (2) | – | (2) |
| | <u>(119)</u> | <u>131</u> | <u>12</u> | <u>(151)</u> | <u>131</u> | <u>(20)</u> |
| | | | | Year ended 31 March 2015 £'000 | Year ended 31 March 2014 £'000 | |
| Return on ordinary activities before tax | | | | <u>1,483</u> | <u>2,965</u> | |
| Tax charge on profit at the standard companies rate of 21% (2014: 23%) | | | | <u>(311)</u> | <u>(682)</u> | |
| Factors affecting the charge: | | | | | | |
| Non taxable gains | | | | <u>265</u> | <u>652</u> | |
| Income not taxable | | | | <u>16</u> | <u>8</u> | |
| Marginal relief | | | | <u>1</u> | <u>4</u> | |
| Adjusted in respect of prior year | | | | <u>41</u> | <u>(2)</u> | |
| | | | | <u>12</u> | <u>(20)</u> | |

The tax charge for the year shown in the Income statement is lower than the standard companies rate of corporation tax in the UK of 21 per cent. (2014: 23 per cent.). The differences are explained above.

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 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.

9. Dividends

| | Year ended 31 March 2015 £'000 | Year ended 31 March 2014 £'000 |
|--|--------------------------------------|--------------------------------------|
| Dividend of 2.50p per share paid on 30 August 2013 | – | 820 |
| Dividend of 2.50p per share paid on 28 February 2014 | – | 841 |
| Dividend of 2.50p per share paid on 29 August 2014 | <u>875</u> | – |
| Dividend of 2.50p per share paid on 27 February 2015 | <u>916</u> | – |
| | <u>1,791</u> | <u>1,661</u> |

Details of the consideration paid under the Dividend Reinvestment Scheme included in the dividends above can be found in note 15.

In addition to the dividends summarised above, the Board has declared a first dividend for the year ending 31 March 2016 of 2.50 pence per share. This dividend will be paid on 28 August 2015 to shareholders on the register as at 7 August 2015. The total dividend will be approximately £983,000.

Notes to the Financial Statements (continued)

10. Basic and diluted return per share

| | Year ended 31 March 2015 | | | Year ended 31 March 2014 | | |
|---|--------------------------|------------|-------|--------------------------|------------|-------|
| | Revenue | Capital | Total | Revenue | Capital | Total |
| The return per share has been based on the following figures: | | | | | | |
| Return attributable to equity shares (£'000) | 728 | 767 | 1,495 | 561 | 2,384 | 2,945 |
| Weighted average shares in issue (excluding treasury shares) | | 35,154,858 | | | 32,920,511 | |
| Return attributable per equity share (pence) | 2.07 | 2.18 | 4.25 | 1.70 | 7.30 | 9.00 |

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

The weighted average number of shares is calculated excluding treasury shares of 4,907,000 (2014: 3,674,000).

11. Fixed asset investments

| | 31 March 2015 £'000 | 31 March 2014 £'000 |
|--|--------------------------------|--------------------------------|
| Investments held at fair value through profit or loss | | |
| Unquoted equity investments | 13,933 | 13,246 |
| Quoted equity | 514 | – |
| Unquoted debt issued at a discount and convertible bonds | 7,223 | 6,829 |
| | <u>21,670</u> | <u>20,075</u> |
| Investments held at amortised cost | | |
| Unquoted loan stock investments | 7,613 | 6,645 |
| | <u>29,283</u> | <u>26,720</u> |
| | 31 March 2015 £'000 | 31 March 2014 £'000 |
| Opening valuation | 26,720 | 22,088 |
| Purchases at cost | 4,859 | 4,458 |
| Disposal proceeds | (3,593) | (2,556) |
| Realised gains | 583 | 263 |
| Movement in loan stock revenue accrued income | 65 | (90) |
| Unrealised gains | 649 | 2,557 |
| | <u>29,283</u> | <u>26,720</u> |
| Closing valuation | 29,283 | 26,720 |
| Movement in loan stock revenue accrued income | | |
| Opening accumulated movement in loan stock revenue accrued income | 49 | 139 |
| Movement in loan stock revenue accrued income | 65 | (90) |
| | <u>114</u> | <u>49</u> |
| Closing accumulated movement in loan stock revenue accrued income | 114 | 49 |
| Movement in unrealised gains | | |
| Opening accumulated unrealised gains | 4,120 | 1,780 |
| Movement in unrealised gains | 649 | 2,557 |
| Transfer of previously unrealised gains to realised reserve on disposal of investments | (580) | (216) |
| | <u>4,189</u> | <u>4,120</u> |
| Closing accumulated unrealised gains | 4,189 | 4,120 |
| Historic cost basis | | |
| Opening book cost | 22,551 | 20,169 |
| Purchases at cost | 4,859 | 4,458 |
| Sales at cost | (2,430) | (2,076) |
| | <u>24,980</u> | <u>22,551</u> |
| Closing book cost | 24,980 | 22,551 |

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.

Notes to the Financial Statements (continued)

11. Fixed asset investments (continued)

The Directors believe that the carrying value of loan stock measured at amortised cost is not materially different to fair value. The Company does not hold any assets as a result of an enforcement of security during the period, and believes that the carrying values for both impaired and past due assets are covered by the value of security held for these loan stock investments.

Unquoted equity investments and convertible and discounted debt are valued at fair value in accordance with the IPEV CV guidelines as follows:

| Valuation methodology | 31 March 2015 £'000 | 31 March 2014 £'000 |
|---|------------------------|------------------------|
| Net asset value supported by third party | 9,062 | 9,196 |
| Cost and price of recent investment (reviewed for impairment) | 4,557 | 5,665 |
| Revenue multiple | 4,190 | 3,070 |
| Earnings multiple | 2,251 | 1,228 |
| Agreed new investment price | 1,096 | 916 |
| | 21,156 | 20,075 |

Fair value investments had the following movements between valuation methodologies between 31 March 2014 and 31 March 2015:

| Change in valuation methodology (2014 to 2015) | Value as at 31 March 2015 £'000 | Explanatory note |
|--|---------------------------------------|-----------------------------------|
| Cost to revenue multiple | 2,159 | More recent information available |
| Cost and price of recent investment to agreed new investment price | 1,096 | Agreed new investment price |

The valuation will be the most appropriate valuation methodology for an investment within its market, with regard to the financial health of the investment and the IPEV CV Guidelines. The Directors believe that, within these parameters, there are no other possible methods of valuation which would be reasonable as at 31 March 2015.

FRS 29 'Financial Instruments: Disclosures' requires the Company to disclose the inputs to 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 |
|----------------------|--|
| 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 not based on observable market data |

Quoted AiM investments are valued according to Level 1 valuation methods. Unquoted equity, preference shares, convertible loan stock and debt issued at a discount are all valued according to Level 3 valuation methods.

Notes to the Financial Statements (continued)

11. Fixed asset investments (continued)

Investments held at fair value through profit or loss (level 3) had the following movements in the year to 31 March 2015:

| | 31 March 2015 | | | 31 March 2014 | | |
|--|-----------------|--|----------------|-----------------|--|----------------|
| | Equity £'000 | Discounted debt and convertible loan stock £'000 | Total £'000 | Equity £'000 | Discounted debt and convertible loan stock £'000 | Total £'000 |
| Opening balance | 13,246 | 6,829 | 20,075 | 8,243 | 6,638 | 14,881 |
| Purchases at cost | 1,270 | 941 | 2,211 | 2,917 | 1,350 | 4,267 |
| Disposal proceeds | (1,715) | (169) | (1,884) | (437) | (1,430) | (1,867) |
| Transfer to Level 1* | (909) | (504) | (1,413) | – | – | – |
| Realised gain | 568 | 6 | 574 | 221 | 302 | 523 |
| Debt/equity swap | 295 | (295) | – | 58 | (58) | – |
| Movement in loan stock revenue accrued income | – | 11 | 11 | – | (33) | (33) |
| Unrealised gain | 1,178 | 404 | 1,582 | 2,244 | 60 | 2,304 |
| Closing balance | 13,933 | 7,223 | 21,156 | 13,246 | 6,829 | 20,075 |

*During the year Mi-Pay Group plc was quoted on AiM and transferred to Level 1 in the fair value hierarchy.

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 69 per cent. of the equity, discounted debt and convertible bond investments (by valuation) is 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 £533,000 or a decrease in the valuation of investments by £505,000.

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 portfolio company as at 31 March 2015 as described below:

| Company | Country of origin | Principal activity | % class and share type | % total voting rights |
|---------------------|----------------------|-----------------------|---------------------------|--------------------------|
| Greenenerco Limited | United Kingdom | Renewable energy | 28.6% A Ordinary | 28.6% |

The above investment is held as part of an investment portfolio and therefore, as permitted by FRS 9, it is measured at fair value and not accounted for using the equity method.

Notes to the Financial Statements (continued)

13. Current assets

| | 31 March 2015 | 31 March 2014 |
|--|----------------------|---------------|
| | £'000 | £'000 |
| Trade and other debtors | | |
| Prepayments and accrued income | 16 | 13 |
| UK corporation tax refundable – prior year | 36 | – |
| Other debtors | 14 | 109 |
| | <u>66</u> | <u>122</u> |

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

| | 31 March 2015 | 31 March 2014 |
|---|----------------------|---------------|
| | £'000 | £'000 |
| Current asset investments | | |
| Contingent future receipts from the disposal of fixed asset investments | – | 43 |

The fair value hierarchy applied to contingent future receipts on disposal of fixed asset investments is Level 3.

14. Creditors: amounts falling due within one year

| | 31 March 2015 | 31 March 2014 |
|---|----------------------|---------------|
| | £'000 | £'000 |
| Trade creditors | 6 | 10 |
| Accruals and deferred income | 274 | 254 |
| UK corporation tax payable – current year | 28 | 18 |
| Other creditors | – | 61 |
| | <u>308</u> | <u>343</u> |

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

15. Called up share capital

| | 31 March 2015 | 31 March 2014 |
|---|----------------------|---------------|
| | £'000 | £'000 |
| Allotted, called up and fully paid | | |
| 40,931,339 Ordinary shares of 1 penny each (2014: 36,744,386) | <u>409</u> | <u>367</u> |

Voting rights

36,024,339 shares of 1 penny each (net of treasury shares) (2014: 33,070,386).

The Company purchased 1,233,000 shares (2014: 1,757,000) to be held in treasury at a cost of £1,094,000 (2014: £1,501,000) representing 3.4 per cent. of the shares in issue (excluding treasury shares) as at 31 March 2015.

The Company did not purchase any shares for cancellation (2014: 91,000 at a cost of £81,000).

The Company did not cancel any shares from treasury during the year to 31 March 2015 (2014: 682,255), leaving a balance of 4,907,000 shares (2014: 3,674,000) in treasury representing 12 per cent. (2014: 9.99 per cent.) of the shares in issue as at 31 March 2015.

Notes to the Financial Statements (continued)

15. Called up share capital (continued)

Under the terms of the Dividend Reinvestment Scheme Circular, the following Ordinary shares of nominal value 1 penny each were allotted during the year:

| Date of allotment | Number of shares allotted | Aggregate nominal value of shares (£'000) | Issue price (pence per share) | Net consideration received (£'000) | Opening market price on allotment date (pence per share) |
|-------------------|---------------------------|---|-------------------------------|------------------------------------|--|
| 29 August 2014 | 104,186 | 1 | 94.73 | 96 | 90.00 |
| 27 February 2015 | 117,754 | 1 | 94.47 | 109 | 88.00 |
| | 221,940 | 2 | | 205 | |

During the year the following Ordinary shares of nominal value 1 penny each were allotted under the terms of the Albion VCTs Top Up Offers 2013/2014, the Albion VCTs Prospectus Top Up Offers 2013/2014 and the Albion VCT Prospectus Top Up Offers 2014/2015:

| Date of allotment | Number of shares allotted | Aggregate nominal value of shares (£'000) | Issue price (pence per share) | Net consideration received (£'000) | Opening market price on allotment date (pence per share) |
|--------------------------------|---------------------------|---|-------------------------------|------------------------------------|--|
| 5 April 2014 (Prospectus) | 1,191,908 | 12 | 98.50 | 1,139 | 90.00 |
| 5 April 2014 | 432,079 | 4 | 98.50 | 413 | 90.00 |
| 5 April 2014 | 13,833 | – | 98.00 | 13 | 90.00 |
| 5 April 2014 | 12,772 | – | 97.50 | 12 | 90.00 |
| 4 July 2014 (Prospectus) | 269,955 | 3 | 99.90 | 262 | 90.00 |
| 4 July 2014 | 22,475 | – | 99.90 | 22 | 90.00 |
| 4 July 2014 | 4,024 | – | 99.40 | 4 | 90.00 |
| 4 July 2014 | 6,486 | – | 98.90 | 6 | 90.00 |
| 30 September 2014 (Prospectus) | 464,714 | 5 | 97.70 | 440 | 90.00 |
| 30 September 2014 | 186,488 | 2 | 97.70 | 177 | 90.00 |
| 30 January 2015 (Prospectus) | 928,180 | 9 | 97.70 | 889 | 89.00 |
| 30 January 2015 (Prospectus) | 432,099 | 4 | 98.20 | 414 | 89.00 |
| | 3,965,013 | 40 | | 3,791 | |

16. Basic and diluted net asset value per share

| | 31 March 2015 (pence per share) | 31 March 2014 (pence per share) |
|---|------------------------------------|------------------------------------|
| Basic and diluted net asset value per share | 96.22 | 96.90 |

The basic and diluted 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 36,024,339 Ordinary shares (2014: 33,070,386) at 31 March 2015.

17. Analysis of changes in cash during the year

| | 31 March 2015 £'000 | 31 March 2014 £'000 |
|------------------------------|------------------------|------------------------|
| Opening cash balances | 5,514 | 6,198 |
| Net cash flow | 107 | (684) |
| Closing cash balances | 5,621 | 5,514 |

Notes to the Financial Statements (continued)

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

| | Year ended 31 March 2015 £'000 | Year ended 31 March 2014 £'000 |
|---|--------------------------------------|--------------------------------------|
| Revenue return on ordinary activities before taxation | 847 | 712 |
| Investment management fee charged to capital | (628) | (580) |
| Movement in accrued amortised loan stock interest | (65) | 90 |
| Decrease in debtors | 4 | 6 |
| Increase in creditors | 12 | 11 |
| Net cash flow from operating activities | 170 | 239 |

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 6 of the Chairman's statement.

The Company's financial instruments comprise equity and loan stock investments in unquoted and quoted companies, contingent receipts on disposal of fixed asset investments, long term cash deposits, cash balances, short term debtors and creditors which arise from its operations. The main purpose of these financial instruments is to generate cash flow 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 pages 15 and 16. 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 reviews investment risk (which includes market price risk), both at the time of initial investment and at quarterly Board meetings.

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

The maximum investment risk as at the balance sheet date is the value of the fixed and current asset investment portfolio which is £29,283,000 (2014: £26,763,000). Fixed and current asset investments form 84 per cent. of the net asset value as at 31 March 2015 (2014: 83 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)

19. Capital and financial instruments risk management (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 strategy of the Company is to invest 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 15 and 16.

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 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 and return for the year by £2,928,000 (2014: £2,676,000).

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 £52,000 (2014: £59,000). Furthermore, it is considered that a fall of interest rates below current levels during the year would have been very unlikely.

The weighted average effective interest rate applied to the Company's fixed rate assets during the year was approximately 8.3 per cent. (2014: 8.2 per cent.). The weighted average period to expected maturity for the fixed rate assets is approximately 6.0 years (2014: 7.5 years).

The Company's financial assets and liabilities as at 31 March 2015, all denominated in pounds sterling, consist of the following:

| | 31 March 2015 | | | | 31 March 2014 | | | |
|--|---------------------|------------------------|-------------------------------|----------------|---------------------|------------------------|-------------------------------|----------------|
| | Fixed rate £'000 | Floating rate £'000 | Non-interest bearing £'000 | Total £'000 | Fixed rate £'000 | Floating rate £'000 | Non-interest bearing £'000 | Total £'000 |
| Unquoted equity | - | - | 13,933 | 13,933 | - | - | 13,246 | 13,246 |
| Quoted equity | - | - | 514 | 514 | - | - | - | - |
| Discounted debt and convertible loan stock | 6,134 | - | 1,089 | 7,223 | 5,612 | - | 1,217 | 6,829 |
| Unquoted loan stock | 7,613 | - | - | 7,613 | 6,645 | - | - | 6,645 |
| Current asset investments | - | - | - | - | - | - | 43 | 43 |
| Debtors* | - | - | 21 | 21 | - | - | 112 | 112 |
| Cash | - | 5,621 | - | 5,621 | - | 5,514 | - | 5,514 |
| Current liabilities* | - | - | (280) | (280) | - | - | (325) | (325) |
| | 13,747 | 5,621 | 15,277 | 34,645 | 12,257 | 5,514 | 14,293 | 32,064 |

*The debtors and current liabilities do not reconcile to the Balance sheet as prepayments and tax receivable/(payable) are not included in the above table.

Notes to the Financial Statements (continued)

19. Capital and financial instruments risk management (continued)

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, contingent future receipts, investment in unquoted loan stock and through the holding of cash on deposit with banks.

The Manager evaluates credit risk on loan stock 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 as at 31 March 2015 was limited to £14,836,000 (2014: £13,474,000) of unquoted loan stock instruments (all of which are secured on the assets of the portfolio company), £5,621,000 (2014: £5,514,000) of cash deposits with banks and £nil of contingent future receipts (2014: £43,000).

As at the balance sheet date, the cash held by the Company is held with the Lloyds Bank plc, Scottish Widows Bank plc (part of Lloyds Banking Group plc), Barclays Bank Plc and National Westminster Bank plc. Credit risk on cash transactions is mitigated by transacting with counterparties that are regulated entities subject to prudential supervision, with high credit ratings assigned by international credit-rating agencies.

The Company has an informal policy of limiting counterparty banking and floating rate note exposure to a maximum of 20 per cent. of net asset value for any one counterparty.

The credit profile of unquoted loan stock is described under liquidity risk below.

The cost, impairment and carrying value of impaired loan stocks held at amortised cost at 31 March 2015 and 31 March 2014 are as follows:

| | 31 March 2015 | | | 31 March 2014 | | |
|---------------------|---------------|---------------------|-------------------------|---------------|---------------------|-------------------------|
| | Cost £'000 | Impairment £'000 | Carrying value £'000 | Cost £'000 | Impairment £'000 | Carrying value £'000 |
| Impaired loan stock | 666 | (77) | 589 | 915 | (305) | 610 |

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.

Liquidity risk

Liquid assets are held as cash on current account, cash on deposit or short term money market account. Under the terms of its Articles, the Company has the ability to borrow up to 10 per cent. of its adjusted share capital and reserves, which amounts to £3,367,000 (2014: £3,119,000) as at 31 March 2015.

The Company has no committed borrowing facilities as at 31 March 2015 (2014: £nil) and had cash balances of £5,621,000 (2014: £5,514,000), 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, share buy-backs 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 £308,000 as at 31 March 2015 (2014: £343,000).

The carrying value of loan stock investments held at amortised cost and at fair value through profit or loss at 31 March 2015 as analysed by expected maturity dates is as follows:

| Redemption date | Fully performing £'000 | Past due £'000 | Impaired £'000 | Total £'000 |
|----------------------|---------------------------|-------------------|-------------------|----------------|
| Less than one year | 3,893 | 708 | 112 | 4,713 |
| 1-2 years | 545 | 32 | 475 | 1,052 |
| 2-3 years | 547 | 157 | – | 704 |
| 3-5 years | 3,272 | 1,143 | 2 | 4,417 |
| Greater than 5 years | 3,950 | – | – | 3,950 |
| Total | 12,207 | 2,040 | 589 | 14,836 |

Notes to the Financial Statements (continued)

19. Capital and financial instruments risk management (continued)

Loan stock can be past due as a result of interest or capital not being paid in accordance with contractual terms.

Loan stock categorised as past due includes:

- Loan stock with a carrying value of £1,555,000 has interest overdue for less than 6 months, yielded 8.35 per cent. on cost; and
- Loan stock with a carrying value of £485,000 has loan stock interest past due of less than 12 months.

The carrying value of loan stock investments held at amortised cost at 31 March 2014 as analysed by expected maturity dates was as follows:

| Redemption date | Fully performing £'000 | Past due £'000 | Impaired £'000 | Total £'000 |
|----------------------|---------------------------|-------------------|-------------------|----------------|
| Less than one year | 486 | 445 | 131 | 1,062 |
| 1-2 years | 4,151 | – | 479 | 4,630 |
| 2-3 years | 700 | 26 | – | 726 |
| 3-5 years | 2,255 | 121 | – | 2,376 |
| Greater than 5 years | 2,819 | 1,861 | – | 4,680 |
| Total | 10,411 | 2,453 | 610 | 13,474 |

In view of the factors identified 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 2015, are stated at fair value as determined by the Directors, with the exception of loans and receivables included within investments, cash balances, debtors and creditors, which are carried at amortised cost, in accordance with FRS 26. The Directors believe that the current 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.

20. Commitments and contingencies

As at 31 March 2015, the Company had the following financial commitments in respect of investments:

- Radnor House School (Holdings) Limited; £620,000
- Abcodia Limited; £126,000
- Proveca Limited; £90,000
- MyMeds&Me Limited; £36,000

21. Post balance sheet events

Since 31 March 2015 the Company has had the following post balance sheet events:

- Investment of £186,000 in Abcodia Limited
- Investment of £172,000 in DySIS Medical Limited
- Investment of £90,000 in Proveca Limited
- Investment of £88,000 in Exco Intouch Limited
- Investment of £59,000 in Grapeshot Limited
- Investment of £36,000 in MyMeds&Me Limited

Shares issued under the Albion VCTs Prospectus Top Up Offers 2014/2015:

| Date of allotment | Number of shares allotted | Aggregate nominal value of shares £'000 | Issue price (pence per share) | Net consideration received £'000 | Opening market price on allotment date (pence per share) |
|-------------------|------------------------------|--|-------------------------------------|---|---|
| 2 April 2015 | 3,295,686 | 33 | 97.40 | 3,114 | 87.50 |

22. Related party transactions

Other than transactions with the Manager as disclosed in note 5, there are no related party transactions or balances requiring disclosure.

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 the City of London Club, 19 Old Broad Street, London, EC2N 1DS on 27 August 2015 at 11.00am for the following purposes:

To consider and, if thought fit, to pass the following resolutions, of which numbers 1 to 7 will be proposed as ordinary resolutions and numbers 8 to 10 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 2015.
2. To approve the Directors' remuneration report for the year ended 31 March 2015.
3. To re-elect Lady Balfour of Burleigh as a Director of the Company.
4. To re-elect Patrick Reeve as a Director of the Company.
5. To re-appoint BDO LLP as Auditor of the Company to hold office from conclusion of the meeting to the conclusion of the next meeting at which the accounts are to be laid.
6. To authorise the Directors to agree the Auditors' remuneration.

Special Business

7. Authority to allot shares

That the Directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the “Act”) to allot Ordinary shares of nominal value 1 penny per share in the Company up to an aggregate nominal amount of £88,454 (which comprises approximately 20 per cent. of the Company's Ordinary shares) provided that this authority shall expire 18 months from the date that this resolution is passed, or, if earlier, the conclusion of the next Annual General Meeting of the Company, but so that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for or convert securities into shares pursuant to such an offer or agreement as if this authority had not expired.

8. Authority for the disapplication of pre-emption rights

That, subject to the authority and conditional on the passing of resolution number 7, 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 7 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;
- (b) pursuant to any Dividend Reinvestment Scheme introduced or operated by the Company;
- (c) in connection with the Albion VCTs Prospectus Top Up Offers 2014/2015 and similar Offers; and
- (d) otherwise than pursuant to sub-paragraphs (a) to (c) above, up to an aggregate nominal amount of £88,454 (equal to approximately 20 per cent. of the Ordinary share capital).

This authority shall expire 18 months from the date that this resolution is passed or, if earlier, the conclusion of the next Annual General Meeting of the Company, 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 this power had not expired.

This power applies in relation to a sale of treasury shares as if all references in this resolution to an allotment included any such sale and in the first paragraph of the resolution the words “pursuant to the authority conferred by resolution number 7” were omitted in relation to such a sale.

Notice of Annual General Meeting (continued)

“Rights issue” means an offer of equity securities to holders of shares in the capital of the Company on the register on a record date fixed by the Directors in proportion as nearly as may be to the respective numbers of Ordinary shares held by them, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with any treasury shares, fractional entitlements or legal or practical issues arising under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory or any other matter.

9. Authority to purchase own shares

That, the Company be generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Act) of Ordinary shares of 1 penny 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 hereby authorised to be purchased is 14.99 per cent. of the issued Ordinary share capital of the Company as at the date of the passing of this resolution;
- (b) the minimum price which may be paid for a share shall be 1 penny (exclusive of expenses);
- (c) the maximum price (exclusive of expenses) which may be paid for a share shall be an amount being not more than the higher of (i) 105 per cent. of the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) for the shares for the five business days immediately preceding the date of purchase and (ii) the higher of the price of the last independent trade and the highest current independent bid relating to a share on the trading venue where the purchase is carried out; and
- (d) unless previously varied, revoked or renewed, the authority hereby conferred shall expire 18 months from the date that this resolution is passed or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held after the passing of this resolution, save that the Company may, at any time prior to such expiry, enter into a contract or contracts to purchase shares under such authority which would or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of shares pursuant to any such contract or contracts as if the authority conferred hereby had not expired.

Under section 724-732 of the Act, Ordinary shares purchased by the Company out of distributable profits can be held as treasury shares, which may then be cancelled or sold for cash. The authority sought by this special resolution number 9 is intended to apply equally to shares to be held by the Company as treasury shares in accordance with the Regulations.

10. Authority to sell treasury shares

That the Directors be empowered to sell treasury shares at the higher of the prevailing current share price and the price at which they were bought in at.

By order of the Board

Albion Ventures LLP

Company Secretary

Registered office
1 King's Arms Yard
London, EC2R 7AF
18 June 2015

Albion Enterprise VCT PLC is 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 AGM. 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 Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ; or
 - going to www.investorcentre.co.uk and following the instructions provided there; or
 - by having an appropriate CREST message transmitted, if you are a user of the CREST system (including CREST personal members).

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 11.00am on 25 August 2015.

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 11.00am on 25 August 2015 (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. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for this AGM and any adjournment(s) by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK and Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent by 11.00am on 25 August 2015. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK and Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

5. 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.
6. 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 under the "Our Funds" section.

Notice of Annual General Meeting (continued)

7. 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.
8. 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 the 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.
9. 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 section 527 and 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.
10. Members satisfying the thresholds in Section 338 of the Companies Act 2006 may require the Company to give, to members of the Company entitled to receive notice of the AGM, notice of a resolution which those members intend to move (and which may properly be moved) at the AGM. A resolution may properly be moved at the AGM unless (i) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment of the Company's constitution or otherwise); (ii) it is defamatory of any person; or (iii) it is frivolous or vexatious. The business which may be dealt with at the AGM includes a resolution circulated pursuant to this right. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given, must be authenticated by the person(s) making it and must be received by the Company not later than 6 weeks before the date of the AGM.
11. Members satisfying the thresholds in Section 388A of the Companies Act 2006 may request the Company to include in the business to be dealt with at the AGM any matter (other than a proposed resolution) which may properly be included in the business at the AGM.
A matter may properly be included in the business at the AGM unless (i) it is defamatory of any person or (ii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than 6 weeks before the date of the AGM.
12. As at 17 June 2015 being the latest practicable date prior to the publication of this Notice, the Company's issued share capital consists of 44,227,025 Ordinary shares with a nominal value of 1 penny each. The Company also holds 4,907,000 Ordinary shares in treasury. Therefore, the total voting rights in the Company as at 17 June 2015 are 39,320,025.

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The Association of
Investment Companies

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ALBION VENTURES