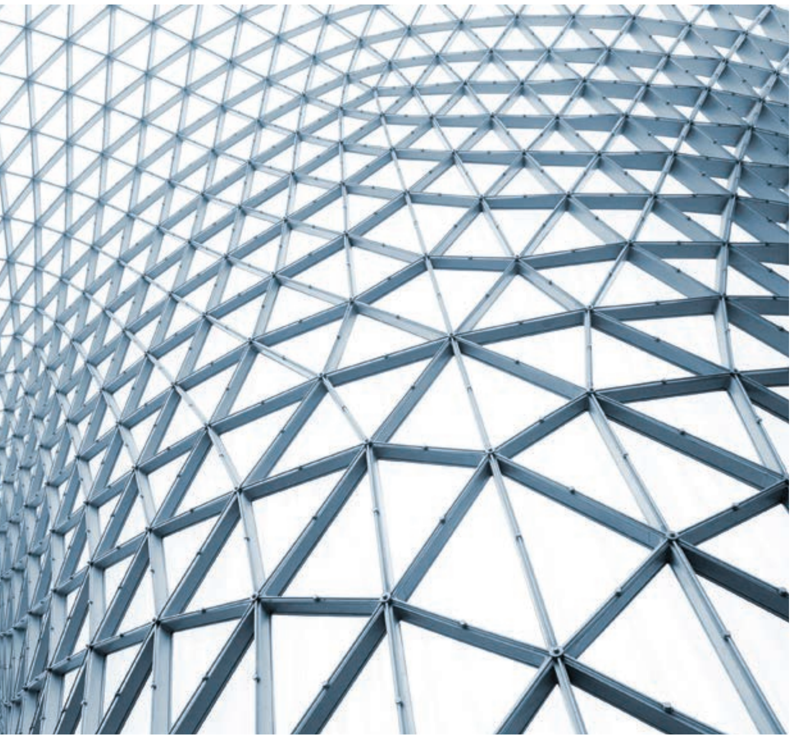
Albion Enterprise VCT PLC



Annual Report and Financial Statements for the year ended 31 March 2019

2019

ALBION CAPITAL

Contents

Company information

Company number	05990732
Directors	M Packe, Chairman Lady Balfour of Burleigh Lord St John of Bletso C Burrows P H Reeve
Country of incorporation	United Kingdom
Legal form	Public Limited Company
Manager, company secretary, AIFM and registered office	Albion Capital Group LLP 1 Benjamin Street London, EC1M 5QG
Registrar	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol, BS99 6ZZ
Auditor	BDO LLP 55 Baker Street London, W1U 7EU
Taxation adviser	Philip Hare & Associates LLP 1st Floor 4 Staple Inn London, WC1V 7QH
Legal adviser	Bird & Bird LLP 12 New Fetter Lane London, EC4A 1JP
Depository	Ocorian (UK) Limited 11 Old Jewry London, EC2R 8DU

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: 0370 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 Capital Group LLP:

Tel: 020 7601 1850 (lines are open 9.00am – 5.30pm; Mon – Fri; calls are recorded)
Email: info@albion.capital
Website: www.albion.capital

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

Investment policy

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

Investment policy

The Company will invest in a broad portfolio of higher growth businesses across a variety of sectors of the UK economy including higher risk technology companies. Allocation of assets will be determined by the investment opportunities which become available but efforts will be made to ensure that the portfolio is diversified both in terms of sector and stage of maturity of company.

VCT qualifying and non-VCT qualifying investments

Application of the investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HM Revenue and Customs ("VCT regulations"). The maximum amount invested in any one company is limited to any HMRC annual investment limits. It is intended that normally at least 80 per cent. of the Company's funds will be invested in VCT qualifying investments. The VCT regulations also have an impact on the type of investments and qualifying sectors in which the Company can make investment.

Funds held prior to investing in VCT qualifying assets or for liquidity purposes will be held as cash on deposit, invested in floating rate notes or similar instruments with banks or other financial institutions with high credit ratings or invested in liquid open-ended equity funds providing income and capital equity exposure (where it is considered economic to do so). Investment in such open-ended equity funds will not exceed 10 per cent. of the Company's assets at the time of investment.

Risk diversification and maximum exposures

Risk is spread by investing in a number of different businesses within venture capital trust qualifying industry sectors using a mixture of securities. The maximum amount which the Company will invest in a single company is 15 per cent. of the Company's assets at cost, thus ensuring a spread of investment risk. The value of an individual investment may increase over time as a result of trading progress and it is possible that it may grow in value to a point where is represents a significantly higher proportion of total assets prior to a realisation opportunity being available.

Gearing

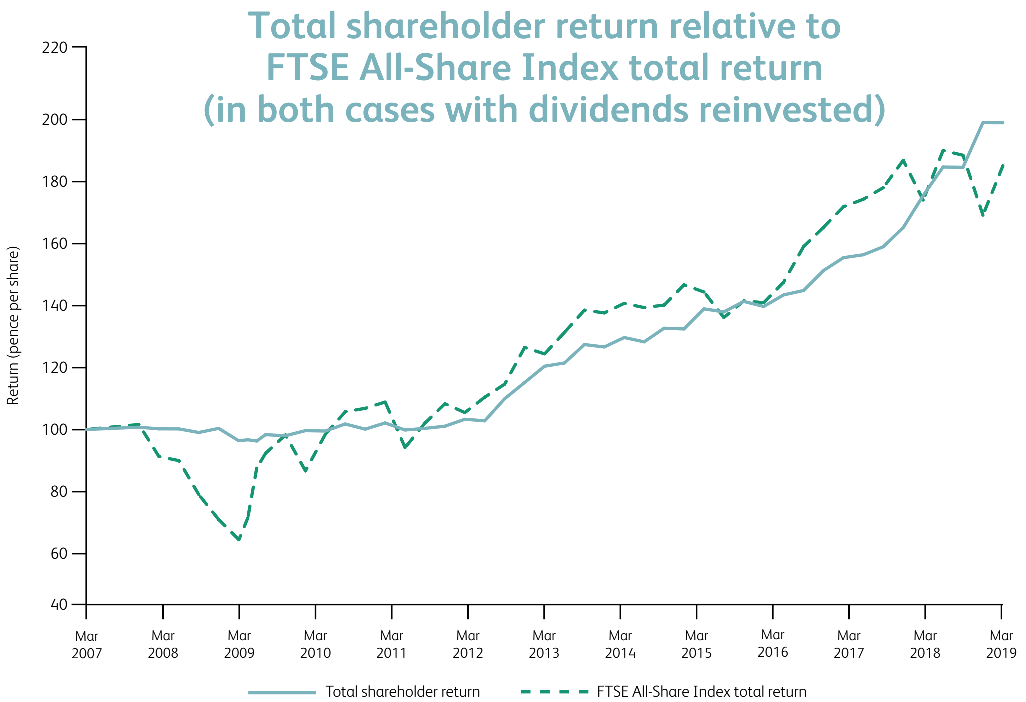
The Company's maximum exposure in relation to gearing is restricted to 10 per cent. of its adjusted share capital and reserves.

Financial calendar

Annual General Meeting	Noon on 30 July 2019
Record date for first dividend	2 August 2019
Payment date for first dividend	30 August 2019
Announcement of half-yearly results for the six months ending 30 September 2019	December 2019
Payment date for second dividend (subject to Board approval)	28 February 2020

Financial highlights

14.3p	Total return per share for the year ended 31 March 2019
13.1%	Return on opening net asset value per share
6.0p	Total tax-free dividend per share paid during the year ended 31 March 2019
117.8p	Net asset value per share as at 31 March 2019
162.6p	Total shareholder return since launch to 31 March 2019



Source: Albion Capital Group LLP

Methodology: The total shareholder return, 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 2019 (pence per share)		31 March 2018 (pence per share)	
Opening net asset value		**109.46**		101.79
Capital return	*14.35*		*13.79*	
Revenue return	*(0.01)*		*(0.39)*	
Total return		**14.34**		13.40
Dividends paid		**(6.00)**		(5.00)
Impact of fundraising/ buybacks		**(0.04)**		(0.73)
Net asset value		**117.76**		109.46

Total shareholder return to 31 March 2019:		**(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
	31 March 2016	5.00
	31 March 2017	5.00
	31 March 2018	5.00
	31 March 2019	6.00
Total dividends paid to 31 March 2019		**44.85**
Net asset value as at 31 March 2019		117.76
Total shareholder return to 31 March 2019		**162.61**

In addition to the dividends summarised above, the Board has declared a first dividend for the year ending 31 March 2020, of 3.00 pence per share to be paid on 30 August 2019 to shareholders on the register on 2 August 2019.

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.

Chairman's statement

Maxwell Packe
Chairman

Introduction

I am very pleased to report that the Company achieved a total return for the year of 14.3 pence per share, following the 13.4 pence per share total return for the previous year. This is the tenth consecutive year the Company has delivered a positive return to shareholders. This excellent result is due to the continued development of the investment portfolio, with a number of the companies that we invest in growing strongly.

Change of investment policy

A material change to the Company's investment policy was voted on by shareholders at the last Annual General Meeting. The change in investment policy was approved by shareholders with an encouraging 99.9% of shares voted for the resolution. The Company's new investment policy can be found on page 3.

Investment performance and progress

During the year over £6.8 million of cash was invested in new and existing companies. New investments were made into the following companies during the year:

- £474,000 into Phrasee, which provides an AI platform that generates language to optimise marketing campaigns;
- £430,000 into Avora, which develops software to improve decision making through augmented analytics & machine learning;
- £290,000 into Arecor, to fund the development of biopharmaceuticals, specialising in diabetes treatment;
- £210,000 into uMotif, which provides a patient engagement and data platform for use in medical observational research;
- £190,000 into Forward Clinical, a secure mobile communications and collaboration platform in healthcare;
- £160,000 into ePatient Network, (trading as Raremark), which provides an online community connecting people affected by rare diseases with up-to-date scientific information, community insights and medical research; and
- £100,000 into Healios, which provides online delivery of mental health therapy services.

Follow-on investments were made into 13 portfolio companies, of which the largest were: £1,312,000 into Egress Software Technologies, £961,000 into Sandcroft Avenue, £400,000 into Locum's Nest, and £396,000 into Quantexa.

During the year we completed the sale of Grapeshot and, should the full escrow amount be received, we will achieve a ten times return on original cost.

The main contributors to the £10.4 million of investment gains were Egress (£3.3 million), Quantexa (£2.1 million), Proveca (£1.1 million), and Mirada (£1.0 million), all of which have been revalued following new investment rounds, supported by external third party investors. Radnor House School has continued to mature and delivered a considerable uplift, of £0.8 million, following a third party valuation during the year. Further details can be found in the Portfolio of investments section on pages 19 and 20.

Results and dividends

On 31 March 2019 the net asset value was 117.76 pence per share compared to 109.46 pence per share on 31 March 2018. The total return before taxation was £8.2 million compared to £7.1 million for the previous year. The Company will pay a first dividend for the financial year ending 31 March 2020 of 3.00 pence per share on 30 August 2019 to shareholders on the register on 2 August 2019.

Further details can be found in the Strategic report on pages 8 and 9.

Transactions with the Manager

Albion Capital agreed to reduce a proportion of its management fee relating to the investments made by the Company in the SVS Albion OLIM UK Equity Income Fund ("OUEIF") by 0.75 per cent. per annum, which represents the management fee charged by OLIM. This avoids double counting of fees and resulted in a reduction of the management fee of £18,000 (2018: £2,000). Further details on the investments in the OUEIF can be found in note 20 and details of transactions that took place with the Manager during the year can be found in note 5.

Risks and uncertainties

Other than investment performance, the key risks facing the Company are from the broader economy, including changes to VCT rules. The outlook for the UK and global economies, and the implications of the withdrawal of the UK from the European Union continue to be the biggest risks for the Company. An assessment has been done on a portfolio company level to assess exposure to Europe, and appropriate actions, where possible, have been implemented. The Manager continues to believe that there is merit in focussing efforts to allocate resources to those sectors and opportunities where growth can be both resilient and sustainable in order to mitigate these risks.

A detailed analysis of the other risks and uncertainties facing the business is shown on pages 13 and 14 of the Strategic report.

Albion VCTs Top Up Offers

In January 2019, the Company announced the launch of the Albion VCTs Prospectus Top Up Offers 2018/19. In aggregate, the Albion VCTs raised £48 million across the VCTs managed by Albion Capital Group LLP.

The Company was pleased to announce on 2 April 2019 that it had reached its £8m limit under its Offer which was fully subscribed and closed. Further details of the amounts raised under offers open during the year can be found in note 15 and note 19.

The funds raised by the Company pursuant to its Offer will be added to the liquid resources available for investment, putting the Company into a position to take advantage of investment opportunities over the next two to three years. The proceeds of the Offers are being applied in accordance with the Company's investment policy. The Company continues to participate in the Top Up Offers and also benefits from receipts from dividend reinvestment, the net proceeds of which are invested in new investment opportunities and to provide additional working capital in the Company. It is important that the Company continues to have cash available for future investments and the Top Up Offers and dividend reinvestments are important sources of that capital.

Annual General Meeting

The Annual General Meeting of the Company will be held at The Charterhouse, Charterhouse Square, London EC1M 6AN at noon on 30 July 2019. Full details of the business to be conducted at the Annual General Meeting are given in the Notice of the Meeting on page 64. Please note that this is a new location for the Annual General Meeting.

The Board welcomes your attendance at the meeting as it gives an opportunity for shareholders to ask questions of the Board and the Manager. If you are unable to attend the Annual General Meeting in person, we would encourage you to make use of your proxy votes.

Outlook and prospect

Your Board sees the portfolio as well balanced across a variety of growth sectors. Although recent changes to the Company's investment policy may result in increased volatility within the portfolio, we remain confident that the fundamentals in the companies within our portfolio, and the new companies that we are backing, give the Company the potential to continue to deliver positive shareholder returns.

Maxwell Packe
Chairman
21 June 2019

"A total return for the year of 14.3 pence per share"

"The tenth consecutive year the Company has delivered a positive return to shareholders"

Strategic report

Investment policy

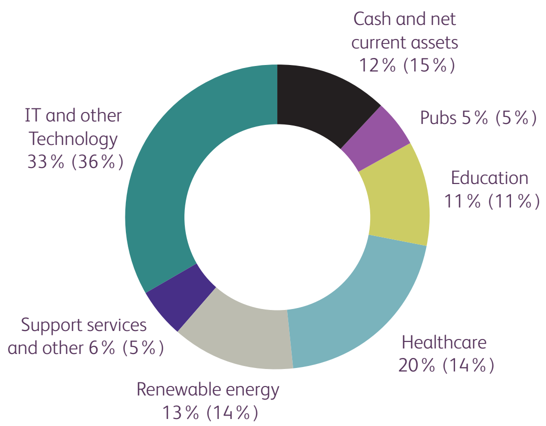
The Company will invest in a broad portfolio of higher growth businesses across a variety of sectors of the UK economy including higher risk technology companies. Allocation of assets will be determined by the investment opportunities which become available but efforts will be made to ensure that the portfolio is diversified both in terms of sector and stage of maturity of company.

The full investment policy can be found on page 3.

Current portfolio sector allocation

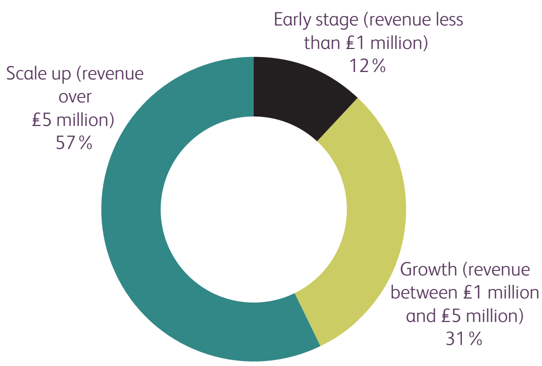
The following pie charts show the split of the portfolio valuation as at 31 March 2019 by: sector; stage of investment; and number of employees. Details of the principal investments made by the Company are shown in the Portfolio of investments on pages 19 and 20.

Split of investment portfolio by sector



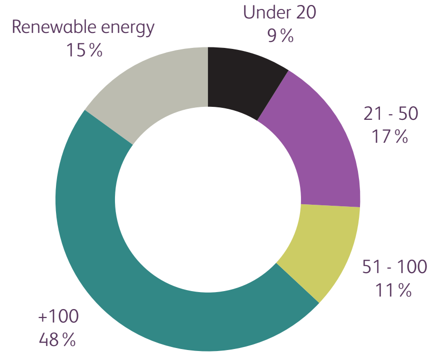
Comparatives for 31 March 2018 are shown in brackets.
Source: Albion Capital Group LLP

Portfolio analysis by stage of investment



Source: Albion Capital Group LLP

Portfolio analysis by number of employees



Source: Albion Capital Group LLP

Direction of portfolio

The analysis of the Company's investment portfolio shows that the IT and other technology, healthcare, and renewable energy sectors continue to be the largest elements of the portfolio.

We will continue to invest in higher growth technology companies in the coming year, in line with our new investment policy, therefore we expect the IT and other technology and healthcare sectors to continue to be the largest elements of the portfolio.

Results and dividend policy

	£'000
Net capital gain for the year ended 31 March 2019	8,214
Net revenue return for the year ended 31 March 2019	(2)
Total return for the year ended 31 March 2019	**8,212**
Dividend of 3.00 pence per share paid on 31 August 2018	(1,716)
Dividend of 3.00 pence per share paid on 28 February 2019	(1,716)
Transferred to reserves	**4,780**
Net assets as at 31 March 2019	67,388
Net asset value as at 31 March 2019 (pence per share)	**117.76**

The Company paid dividends totaling 6.00 pence per share during the year ended 31 March 2019 (2018: 5.00 pence per share). The Board has declared a first dividend of 3.00 pence per share for the year ending 31 March 2020. This dividend will be paid on 30 August 2019 to shareholders on the register on 2 August 2019.

As shown in the Company's Income statement on page 46, the total return for the year was 14.34 pence per share (2018: 13.40 pence per share). Investment income increased to £992,000 (2018: £651,000) mainly due to the resumption of loan stock interest payments from our solar renewable portfolio companies, and distributions from the SVS Albion OLIM UK Equity Income Fund.

The capital gain on investments for the year of £10,408,000 (2018: £9,205,000), was mainly attributable to the upward unrealised revaluations in the Company's investment portfolio, as detailed below in the review of business and future changes section.

The Balance sheet on page 47 shows that the net asset value has increased over the last year to 117.76 pence per share (2018: 109.46 pence per share). This increase in net asset value is attributable to the total return of 14.34 pence per share offset by the payment of 6.00 pence per share of dividends.

There was a net cash outflow for the Company of £5,319,000 for the year (2018: net outflow of £5,361,000), from the investment in current and fixed asset investments, dividends paid, operating activities and the buy-back of shares, offset by the disposal of fixed asset investments and the issue of Ordinary shares under the Albion VCTs Top Up Offers.

Review of business and future changes

A review of the Company's portfolio performance and progress during the year is contained in the Chairman's statement on page 6. Total gains on investments for the year were £10.4 million (2018: £9.2 million). These gains more than offset the reduction in value of a small number of our investments, the largest being memsstar of £240,000 and Abcodia of £166,000.

As we continue to invest in accordance with our new investment policy, asset-based investments will continue to decrease as a proportion of the portfolio, and greater emphasis will be given to growth and technology investments. 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 19. Details of transactions with the Manager are shown in note 5.

Future prospects

The Company's portfolio is well balanced across sectors and risk classes and the Board believes that the Company has a number of investments which have stong prospects and the potential to continue to deliver attractive returns to shareholders.

Key performance indicators

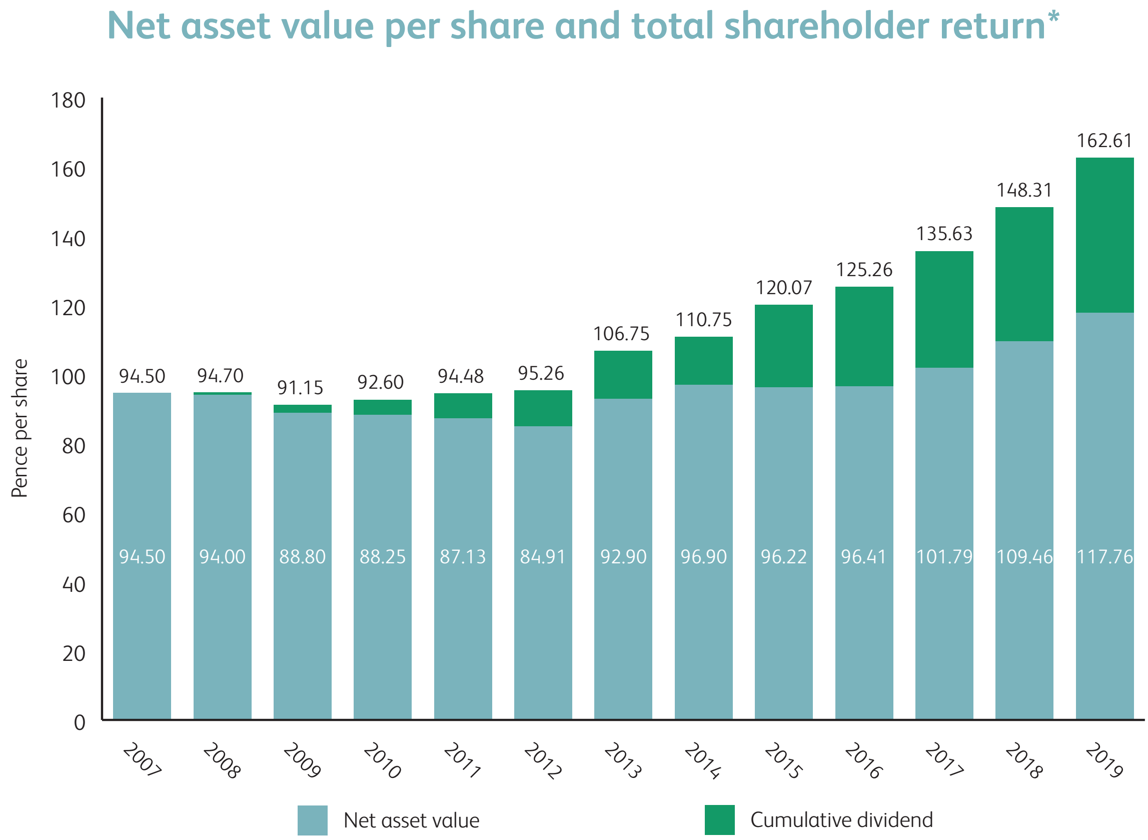
The Directors believe that the following key performance indicators, which are typical for venture capital trusts, and used in their own assessment of the Company, will provide shareholders with sufficient information to assess how effectively the Company is applying its investment policy to meet its 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 policy.

These are:

1. Total shareholder return relative to FTSE All Share Index total return

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

2. Net asset value per share and total shareholder return



*Total shareholder return is net asset value per share plus cumulative dividends paid since launch to date.

Net asset value per share increased by 7.6% to 117.76 pence per share for the year ended 31 March 2019.

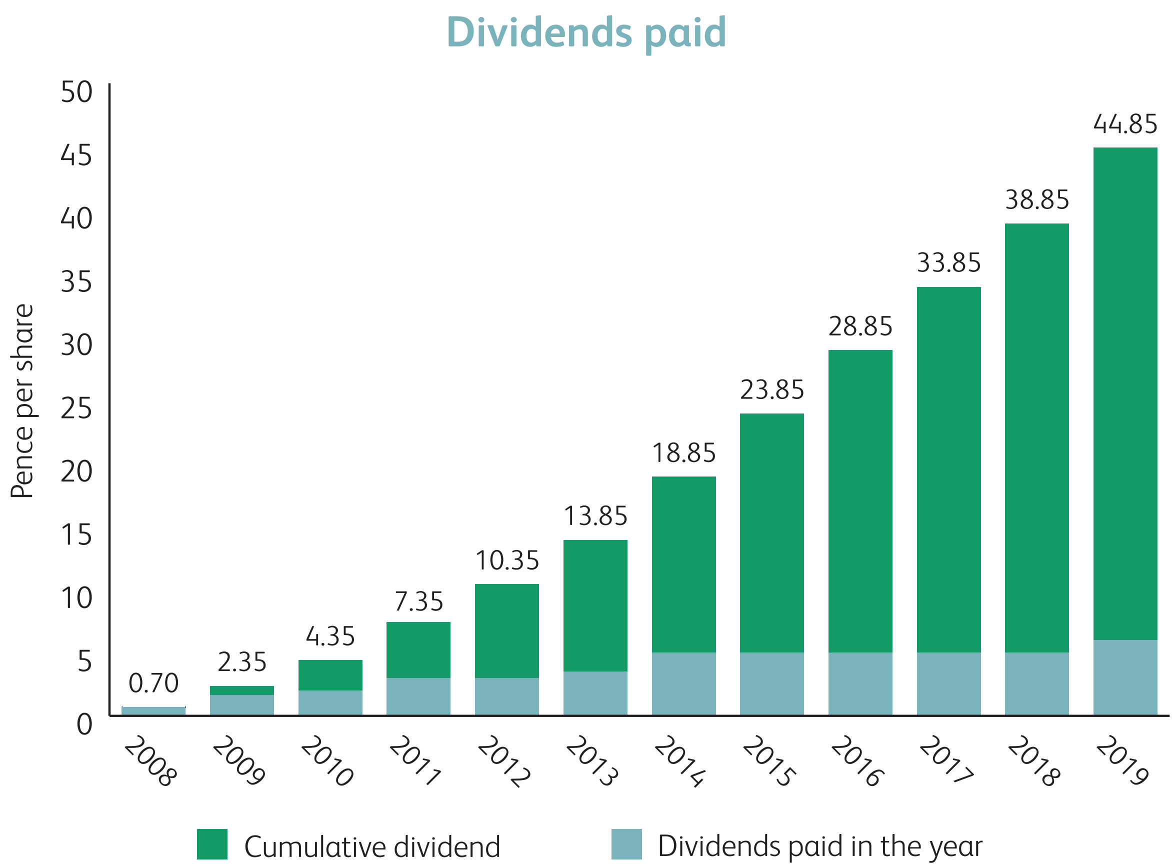
Total shareholder return increased by 14.3 pence to 162.61 pence per Ordinary share for the year ended 31 March 2019 (13.1% on opening net asset value).

3. Dividend distributions

The chart that follows shows the dividends paid in each year and the cumulative dividends paid since launch.

Dividends paid in respect of the year ended 31 March 2019 were 6.00 pence per share (2018: 5.00 pence per share), a yield of 5.5% on opening net asset value. The cumulative dividend paid since inception is 44.85 pence per share.

3. Dividend distributions (continued)



4. Ongoing charges

The ongoing charges ratio for the year ended 31 March 2019 was 2.9% (2018: 2.9%) against a cap of 3.0%. 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%.

5. 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 27.

The relevant tests to measure compliance have been carried out and independently reviewed for the year ended 31 March 2019. 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 its adjusted share capital and reserves. The Directors do not currently have any intention to utilise gearing for the Company.

Operational arrangements

The Company has delegated the investment management of the portfolio to Albion Capital Group LLP, which is authorised and regulated by the Financial Conduct Authority. Albion Capital Group LLP also provides company secretarial and other accounting and administrative support to the Company.

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.

Additionally, Albion Capital agreed to reduce that proportion of its management fee relating to the investment in the SVS Albion OLIM UK Equity Income Fund ("OUEIF") by 0.75 per cent., which represents the OUEIF management fee charged by OLIM to avoid any double charging for the investment exposure.

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 new investment made and monitoring fees where the Manager has a representative on the portfolio company's board.

Management performance incentive fee

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.

For the year ended 31 March 2019, the total return of the Company since launch (the performance incentive fee start date) amounted to 162.61 pence per share, compared to the hurdle of 150.98 pence per share. As a result, a performance incentive fee is payable to the Manager of £1,332,000 (2018: £1,100,000).

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 the 70 per cent. (to be 80 per cent. in respect of accounting periods starting on or after 6 April 2019) qualifying investment holdings requirement for the 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 interest 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 appointed Albion Capital Group LLP as the Company's AIFM in June 2014 as required by the AIFMD. The Manager became a full-scope Alternative Investment Fund Manager under the AIFMD on 1 October 2018. As a result, from that date, Ocorian (UK) Limited was appointed as Depository to oversee the custody and cash arrangements and provide other AIFMD duties with respect to the Company.

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 Company's interest, including the maintenance of sufficient resources for investment in new and existing portfolio companies and the continued payment of dividends to shareholders.

It is the Board's intention for such buy-backs to be in the region of a 5 per cent. discount to net asset value, so far as market conditions and liquidity permit.

Further details of shares bought back during the year ended 31 March 2019 can be found in note 15 of the Financial Statements.

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.

General Data Protection Regulation

The General Data Protection Regulation came into effect on 25 May 2018 with the objective of unifying data privacy requirements across the European Union. The Manager, Albion Capital Group LLP, has taken action to ensure that the Manager and the Company are compliant with the regulation.

Further policies

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

- Environment
- Global greenhouse gas emissions
- Anti-bribery
- Anti-facilitation of tax evasion
- Diversity

and these are set out in the Directors' report on pages 27 and 28.

Risk management

The Board carries out a robust 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
Investment, performance and valuation risk	The risk of investment in poor quality assets, which could reduce returns to shareholders, and could negatively impact on the Company's current and future valuations. By nature, smaller unquoted businesses, such as those that qualify for venture capital trust purposes, are more volatile than larger, long established businesses. Investments in open-ended equity funds result in exposure to market risk through movements in price per unit. 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.	To reduce this risk, the Board places reliance upon the skills and expertise of the Manager and its track record over many years of making successful investments in this segment of the market. In addition, the Manager operates a formal and structured investment appraisal and review 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 matters discussed at the Investment Committee meetings. Investments are actively and regularly monitored by the Manager (investment managers normally sit on portfolio company boards), including the level of diversification in the portfolio, and the Board receives detailed reports on each investment as part of the Manager's report at quarterly board meetings. The Board and Manager regularly reviews the deployment of cash resources into equity markets, the extent of exposure and performance of the exposure. The unquoted investments held by the Company are designated at fair value through profit or loss and 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. The valuation takes into account all known material facts up to the date of approval of the Financial Statements by the Board.
VCT approval risk	The Company must comply with section 274 of the Income Tax Act 2007 which enables its investors to take advantage of tax relief on their investment and on future returns. Breach of any of the rules enabling the Company to hold VCT status could result in the loss of that status.	To reduce this risk, the Board has appointed the Manager, which has a team with significant experience in venture capital trust management and are used to operating within the requirements of the venture capital trust legislation. In addition, to provide further formal reassurance, the Board has appointed Philip Hare & Associates LLP as its taxation adviser, who report quarterly to the Board to independently confirm compliance with the venture capital trust legislation, to highlight areas of risk and to inform on changes in legislation. Each investment in a new portfolio company is also pre-cleared with our professional advisers or H.M. Revenue & Customs.
Regulatory and 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 companies. In addition, the Board and the Manager receive regular updates on new regulation, including legislation on the management of the Company, from its auditor, lawyers and other professional bodies. The Company is subject to compliance checks through the Manager's compliance officer. The Manager reports monthly to its Board on any issues arising from compliance or regulation. These controls are also reviewed as part of the quarterly Board meetings, and also as part of the review work undertaken by the Manager's compliance officer. The report on controls is also evaluated by the internal auditors.

Risk	Possible consequence	Risk management
Operational and internal control risk	The Company relies on a number of third parties, in particular the Manager, for the provision of investment management and administrative functions. Failures in key systems and controls within the Manager's business could place assets of the Company at risk or result in reduced or inaccurate information being passed to the Board or to shareholders.	The Company and its operations are subject to a series of rigorous internal controls and review procedures exercised throughout the year, and receives reports from the Manager on internal controls and risk management, including on matters relating to cyber security. The Audit Committee reviews the Internal Audit Reports prepared by the Manager's internal auditors, PKF Littlejohn LLP and has access to the internal audit partner of PKF Littlejohn LLP to provide an opportunity to ask specific detailed questions in order to satisfy itself that the Manager has strong systems and controls in place including those in relation to business continuity and cyber security. From 1 October 2018, Ocorian (UK) Limited was appointed as Depository to oversee the custody and cash arrangements and provide other AIFMD duties. The Board reviews the quarterly reports prepared by Ocorian (UK) Limited to ensure that Albion Capital is adhering to its policies and procedures as required by the AIFMD. In addition, the Board regularly reviews the performance of its key service providers, particularly the Manager, to ensure they continue to have the necessary expertise and resources to deliver the Company's investment objective and policies. The Manager and other service providers have also demonstrated to the Board that there is no undue reliance placed upon any one individual.
Economic and political 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.	The Company invests in a diversified portfolio of companies across a number of industry sectors and in addition often invests a mixture of instruments in portfolio companies and has a policy of not normally permitting any external bank borrowings within portfolio companies. At any given time, the Company has sufficient cash resources to meet its operating requirements, including share buybacks and follow on investments.
Market value of Ordinary shares	The market value of Ordinary shares can fluctuate. The market value of an Ordinary share, as well as being affected by its net asset value and prospective net asset value, also takes into account its dividend yield and prevailing interest rates. As such, the market value of an Ordinary share may vary considerably from its underlying net asset value. The market prices of shares in quoted investment companies can, therefore, be at a discount or premium to the net asset value at different times, depending on supply and demand, market conditions, general investor sentiment and other factors. Accordingly the market price of the Ordinary shares may not fully reflect their underlying net asset value.	The Company operates a share buyback policy, which is designed to limit the discount at which the Ordinary shares trade to around 5 per cent. to net asset value, by providing a purchaser through the Company in absence of market purchasers. From time to time buybacks cannot be applied, for example when the Company is subject to a close period, or if it were to exhaust any buyback authorities. New Ordinary shares are issued at sufficient premium to net asset value to cover the costs of issue and to avoid asset value dilution to existing investors.

Viability statement

In accordance with the FRC UK Corporate Governance Code published in 2016 and principle 21 of the AIC Code of Corporate Governance, the Directors have assessed the prospects of the Company over three years to 31 March 2022. The Directors believe that three years is a reasonable period in which they can assess the future of the Company to continue to operate and meet its liabilities as they fall due and is also the period used by the Board in the strategic planning process and is considered reasonable for a business of our nature and size. The three year period is considered the most appropriate given the forecasts that the Board require from the Manager and the estimated timelines for finding, assessing and completing investments.

The Directors have carried out a robust assessment of the principal risks facing the Company as explained above, including those that could threaten its business model, future performance, solvency or liquidity. The Board also considered the risk management processes in place to avoid or reduce the impact of the underlying risks. The Board focused on the major factors which affect the economic, regulatory and political environment. The Board deliberated over the importance of the Manager and the processes that they have in place for dealing with the principal risks.

The Board assessed the ability of the Company to raise finance. The portfolio is well balanced and geared towards long term growth delivering dividends and capital growth to shareholders. In assessing the prospects of the Company, the Directors have considered the cash flow by looking at the Company's income and expenditure projections and funding pipeline over the assessment period of three years and they appear realistic.

Taking into account the processes for mitigating risks, monitoring costs, share price discount, the Manager's compliance with the investment objective, policies and business model and the balance of the portfolio the Directors have concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period to 31 March 2022.

This Strategic report of the Company for the year ended 31 March 2019 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.

For and on behalf of the Board

Maxwell Packe
Chairman
21 June 2019

The Board of Directors

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

Maxwell Packe (Chairman), (appointed 28 November 2006) has been chairman of a number of private equity-backed companies since 1996 with successful trade sales including Crestacare PLC, Corgi Classics Limited, Kelvin Hughes Group 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) qualified as a solicitor in South Africa. He was a consultant to Merrill Lynch until November 2008 after 9 years in equity sales/research with Smith New Court. He is currently chairman of Integrated Diagnostic Holding plc, Yellow Cake ITF plc and sits on the board of the Falcon Group. He is also a non-executive chairman of Strand Hanson. He is on the advisory boards of Roc Technologies, Bell Integrated, Betway, and Smithson Investment Trust. He has been an active Crossbench Member of the House of Lords since 1979 and an extra Lord-in-Waiting to HM The Queen since 1998.

Lady Balfour of Burleigh, CBE, (appointed 28 November 2006) was formerly chairman of the Nuclear Liabilities Financing Assurance Board and the Nuclear Liabilities Fund and was a director of Cable and Wireless plc, Midlands Electricity plc, WH Smith plc, Stagecoach Group plc, Murray International Investment Trust plc and a number of other companies.

Christopher Burrows, MA, (appointed 27 June 2018) brings more than 30 years' executive experience in international leadership consulting, search and assessment. Having graduated in Anthropology from the University of Cambridge, he started his consulting career with Whitehead Mann and subsequently became the youngest partner at Goddard Kay Rogers. He recently left Russel Reynolds Associates, having been a managing director for the last 13 years of his executive career. His principal focus has been advising clients & investors on board appointments and organisation strategy across biotechnology, medtech, diagnostics, healthcare services, pharmaceuticals and digital technologies.

Patrick Reeve, MA, FCA, (appointed 7 November 2006) was formerly the managing partner of Albion Capital and became chairman on 1 April 2019. He is a director of Albion Development VCT and Albion Technology & General VCT, and is chief executive of Albion Community Power Limited and chairman of OLIM Investment Managers. He is also a member of the Audit Committee of University College London and a director of the Association of Investment Companies. Patrick joined Close Brothers Group plc in 1989, working in both the development capital and corporate finance divisions before establishing Albion Capital (formerly Albion Ventures LLP) in 1996. Prior to Close he qualified as a chartered accountant before joining Cazenove & Co where he spent three years in the corporate finance department. Patrick has an MA in Modern Languages from Oxford University.

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 CAPITAL

Albion Capital Group LLP, is authorised and regulated by the Financial Conduct Authority and is the Manager of Albion Enterprise VCT PLC. In addition, it manages a further five venture capital trusts, the UCL Technology Fund and provides administration services to Albion Community Power Limited and Albion Care Communities Limited. Albion Capital, together with its subsidiary, OLIM Investment Managers, currently has total assets under management or administration of approximately £1 billion. Albion Capital has recently won two awards: Investor Allstars Venture Capital Trust of the Year 2018 and Growth Investor of the Year 2018.

The following are specifically responsible for the management and administration of the venture capital trusts managed by Albion Capital Group LLP:

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

Will Fraser-Allen, BA (Hons), FCA, became managing partner on 1 April 2019. He has 16 years' experience investing in healthcare, leisure, media and technology enabled businesses. He joined Albion in 2001 and became deputy managing partner in 2009. Prior to joining Albion, Will qualified in 1996 as a chartered accountant with Cooper Lancaster Brewers and has a BA in History from Southampton University.

Dr. Andrew Elder, MA, FRCS, is head of healthcare investing, and from 1 April 2019 became deputy managing partner. He joined Albion in 2005 and became a partner in 2009. Prior to Albion, Andrew was a strategy consultant specialising in healthcare at the Boston Consulting Group. He originally graduated with an MA plus Bachelors of Medicine and Surgery from Cambridge University and practised as a surgeon for six years specialising in neurosurgery. He is a Fellow of the Royal College of Surgeons (England).

Adam Chirkowski, MA (Hons), is an investment director at Albion Capital, currently concentrating on renewable energy projects, healthcare and investments in the asset backed portfolio. Prior to joining Albion in 2013, Adam spent five years working in corporate finance at Rothschild, he graduated from Nottingham University with a first class degree in Industrial Economics and a masters in Corporate Strategy and Governance.

Emil Gigov, BA (Hons), FCA, is a partner of Albion Capital with over 20 years' experience as an advisor and investor in a number of industry sectors, including technology, media, engineering, healthcare, education and leisure. Emil joined Albion in 2000 and became a partner in 2009. In his early career, Emil worked on acquisitions, disposals and fundraising mandates at KPMG Corporate Finance having joined their financial services division and qualified as a chartered accountant in 1997. Emil graduated from the European Business School, London, with a BA (Hons) Degree in European Business Administration.

David Gudgin, BSc (Hons), ACMA, is a partner of Albion Capital specialising in renewable energy projects, and investments in the asset backed portfolio. He is also managing director of Albion Community Power Limited and a director of Albion Care Communities Limited. David joined Albion in 2005 and became a partner in 2009. Prior to Albion, he was the lead investor of an environmental technology and a later stage development capital fund at Foursome Investments (now Frog Capital). Before Frog Capital he joined 3i plc as an investor in European technology based in London and Amsterdam having previously qualified as a management accountant with ICL before spending 3 years at the BBC. David has a BSc in Economics from Warwick University.

Vikash Hansrani, BA (Hons), FCA, is the operations partner of Albion Capital. Vikash oversees the finance and administration of the funds under Albion's management and is also the finance director of Olim Limited and is on the AIC's VCT Technical Committee. He was also previously the finance director of Albion Community Power Limited. He joined Albion in 2010 having qualified as a chartered accountant with RSM working latterly in its corporate finance team. He has a BA in Accountancy & Finance from Nottingham Business School.

Ed Lascelles, BA (Hons), is a partner at Albion Capital and is head of technology investing. Ed joined Albion in 2004 and became a partner in 2009. He began his career advising public companies on fundraising and takeovers, first with Charterhouse Securities and then ING Barings, covering the healthcare and technology sectors among others. He graduated from University College London with a first class degree in Philosophy.

Catriona McDonald, BA (Hons), is an investment associate at Albion Capital specialising in technology investing. Cat joined Albion in 2018. Prior to joining Albion she worked for Goldman Sachs in both New York and London where she executed several high profile transactions including leveraged buyouts, IPOs and M&A. Cat graduated from Harvard University, majoring in Economics.

Dr. Christoph Ruedig, MBA, is a partner at Albion Capital specialising in healthcare investing. Christoph joined Albion Capital in 2011 and became a partner in 2014. Prior to joining Albion he worked at General Electric UK, where he was responsible for mergers and acquisitions in the medical technology and healthcare IT sectors following a role in the Healthcare Venture Capital arm of 3i plc where he led investments in biotechnology, pharmaceuticals and medical technology. Christoph initially practiced as a radiologist, before spending 3 years at Bain & Company. He holds a degree in Medicine from Ludwig-Maximilians University, Munich and an MBA from INSEAD.

Nadine Torbey, MSc, BEng, is an investment associate at Albion Capital specialising in technology investing. Nadine joined Albion in 2018 from Berytech Fund, Beirut, one of the first VC funds in the Middle East. Her career to date has involved many aspects of tech investing including experience in a wide variety of digital platforms, big data management, virtual reality and digital networks. She graduated from the American University of Beirut with a Bachelor in Electrical and Computer Engineering, and followed this with a MSc. in Innovation Management and Entrepreneurship from Brown University.

Robert Whitby-Smith, BA (Hons), FCA, is a partner at Albion Capital specialising in software investing. Robert joined Albion Capital in 2005 and became a partner in 2009. Previously Robert worked in corporate finance for Credit Suisse, KPMG and ING Barings, after qualifying as a chartered accountant.

Jay Wilson, MBA, MMath, is an investment manager at Albion Capital specialising in technology investing. Jay joined Albion in 2019 from Bain & Company, where he had been a consultant since 2016 advising private equity and sovereign wealth funds on acquisitions of European technology, financial and business services companies. Prior to this he graduated from London Business School with an MBA having spent eight years as a broker at ICAP Securities.

Marco Yu, PhD, MRICS, is an investment director at Albion Capital specialising in alternative energy investing and the asset backed portfolio. Marco joined Albion in 2007. Prior to Albion he was with EC Harris where he advised senior lenders on large capital projects having spent two and a half years at Bouygues (UK). Marco graduated from Cambridge University with a first class degree in Economics and is a Chartered Surveyor.

Portfolio of investments

Fixed asset investments	% voting rights	% voting rights of Albion* managed companies	As at 31 March 2019 Cost £'000	As at 31 March 2019 Cumulative movement in value £'000	As at 31 March 2019 Value £'000	As at 31 March 2018 Cost £'000	As at 31 March 2018 Cumulative movement in value £'000	As at 31 March 2018 Value £'000	Change in value for the year** £'000
Egress Software Technologies Limited	9.9	24.7	**3,365**	**5,937**	**9,302**	2,052	2,588	4,640	**3,348**
Radnor House School (Holdings) Limited	9.8	50.0	**2,991**	**4,316**	**7,307**	3,079	3,493	6,572	**823**
Mirada Medical Limited	15.1	45.0	**1,487**	**2,116**	**3,603**	1,054	1,429	2,483	**854**
Proveca Limited	8.8	45.5	**905**	**2,110**	**3,015**	905	1,022	1,927	**1,088**
Bravo Inns II Limited	13.1	50.0	**2,150**	**756**	**2,906**	2,150	562	2,712	**194**
Quantexa Limited	2.8	12.3	**699**	**2,197**	**2,896**	303	123	426	**2,074**
Regenerco Renewable Energy Limited	12.5	50.0	**1,261**	**807**	**2,068**	1,261	651	1,912	**156**
Earnside Energy Limited	8.7	50.0	**1,394**	**459**	**1,853**	1,394	279	1,673	**180**
G.Network Communications Limited	4.7	25.7	**850**	**988**	**1,838**	850	510	1,360	**478**
Alto Prodotto Wind Limited	11.1	50.0	**941**	**647**	**1,588**	983	674	1,657	**(6)**
The Street by Street Solar Programme Limited	8.6	50.0	**891**	**676**	**1,567**	891	615	1,506	**61**
Process Systems Enterprise Limited	4.0	20.2	**406**	**1,151**	**1,557**	406	861	1,267	**290**
Greenenerco Limited	28.6	50.0	**876**	**606**	**1,482**	922	614	1,536	**11**
DySIS Medical Limited	7.5	20.3	**2,742**	**(1,344)**	**1,398**	2,509	(1,525)	984	**254**
Sandcroft Avenue Limited	7.1	22.0	**1,274**	**(67)**	**1,207**	313	50	363	**(117)**
Zift Channel Solutions Inc	2.0	6.4	**1,053**	**128**	**1,181**	1,053	180	1,233	**(52)**
Convertr Media Limited	6.3	27.0	**968**	**15**	**983**	875	(122)	753	**137**
Beddlestead Limited	8.1	49.0	**966**	**(3)**	**963**	800	–	800	**(3)**
MPP Global Solutions Limited	3.2	13.5	**950**	**–**	**950**	950	–	950	**–**
The Evewell (Harley Street) Limited (previously Women's Health (London West One) Limited)	7.3	40.0	**917**	**–**	**917**	917	–	917	**–**
OmPrompt Holdings Limited	9.5	36.7	**864**	**(24)**	**840**	864	(147)	717	**123**
Cisiv Limited	9.0	30.9	**799**	**(32)**	**767**	663	(321)	342	**289**
Black Swan Data Limited	1.6	12.4	**749**	**–**	**749**	538	–	538	**–**
MyMeds&Me Limited	7.6	42.1	**720**	**(38)**	**682**	418	231	649	**(154)**
Oviva AG	3.7	15.9	**642**	**6**	**648**	642	160	802	**(154)**
Secured by Design Limited	1.9	10.0	**280**	**284**	**564**	280	1	281	**283**
Panaseer Limited	2.3	11.6	**405**	**156**	**561**	405	156	561	**–**
Locum's Nest Limited	5.8	28.8	**500**	**30**	**530**	100	–	100	**30**
Phrasee Limited	2.3	11.0	**474**	**–**	**474**	–	–	–	**–**
Bravo Inns Limited	8.4	50.0	**755**	**(281)**	**474**	755	(306)	449	**25**
Avora Limited	2.7	18.7	**430**	**–**	**430**	–	–	–	**–**
Aridhia Informatics Limited	6.6	22.3	**1,160**	**(740)**	**420**	1,160	(741)	419	**1**
memsstar Limited	8.8	44.7	**299**	**93**	**392**	328	334	662	**(240)**
Oxsensis Limited	3.3	18.2	**625**	**(253)**	**372**	625	(253)	372	**–**
Abcodia Limited	5.6	19.5	**953**	**(616)**	**337**	765	(451)	314	**(165)**
Koru Kids Limited	2.6	9.7	**320**	**–**	**320**	320	–	320	**–**
Arecor Limited	1.5	7.4	**290**	**–**	**290**	–	–	–	**–**
Mi-Pay Group plc	5.8	31.6	**1,504**	**(1,215)**	**289**	1,504	(1,267)	237	**52**
AVESI Limited	5.5	50.0	**179**	**83**	**262**	179	74	253	**9**
InCrowd Sports Limited	2.7	12.2	**231**	**22**	**253**	67	21	88	**1**
uMotif Limited	1.3	6.2	**210**	**–**	**210**	–	–	–	**–**
Forward Clinical Limited	1.8	9.2	**190**	**–**	**190**	–	–	–	**–**

Portfolio of investments continued

Fixed asset investments	% voting rights	% voting rights of Albion* managed companies	As at 31 March 2019 Cost £'000	Cumulative movement in value £'000	Value £'000	As at 31 March 2018 Cost £'000	Cumulative movement in value £'000	Value £'000	Change in value for the year** £'000
Innovation Broking Group Limited	8.4	30.0	84	85	169	84	44	128	41
ePatient Network Limited	1.8	8.4	160	–	160	–	–	–	–
Healios Limited	1.0	5.2	100	–	100	–	–	–	–
MHS 1 Limited	1.2	50.0	83	(1)	82	83	(1)	82	–
Total fixed asset investments			40,092	19,054	59,146	33,447	9,538	42,985	9,911

* Albion Capital Group LLP

** As adjusted for additions and disposals during the year

The comparative cost and valuations for 31 March 2018 do not agree to the Annual Report and Financial Statements for the year ended 31 March 2018 as the above table does not include brought forward investments that were fully disposed of in the year.

Current asset investments	As at 31 March 2019 Cost £'000	Cumulative movement in value £'000	Value £'000	As at 31 March 2018 Cost £'000	Cumulative movement in value £'000	Value £'000	Change in value for the year* £'000
SVS Albion OLIM UK Equity Income Fund	3,800	(158)	3,642	1,200	(73)	1,127	(84)
Total current asset investments	3,800	(158)	3,642	1,200	(73)	1,127	(84)

* As adjusted for additions during the year

The following is a summary of fixed asset realisations for the year ended 31 March 2019:

Fixed asset investment realisations	Cost £'000	Opening carrying value £'000	Disposal proceeds £'000	Total realised gain £'000	Gain/(loss) on opening value £'000
Disposals:					
Grapeshot Limited	1,026	9,451	9,914	8,888	463
Loan stock repayments and other:					
Mirada Medical Limited	764	931	1,031	267	100
DySIS Medical Limited	545	618	630	85	12
MyMeds&Me Limited	306	420	412	106	(8)
Cisiv Limited	104	104	104	–	–
Radnor House School (Holdings) Limited	88	88	88	–	–
Greenenerco Limited	45	65	65	20	–
Alto Prodotto Wind Limited	43	64	64	21	–
memsstar Limited	30	30	30	–	–
Escrow adjustments	–	–	6	6	6
Total realisations	2,951	11,771	12,344	9,393	573

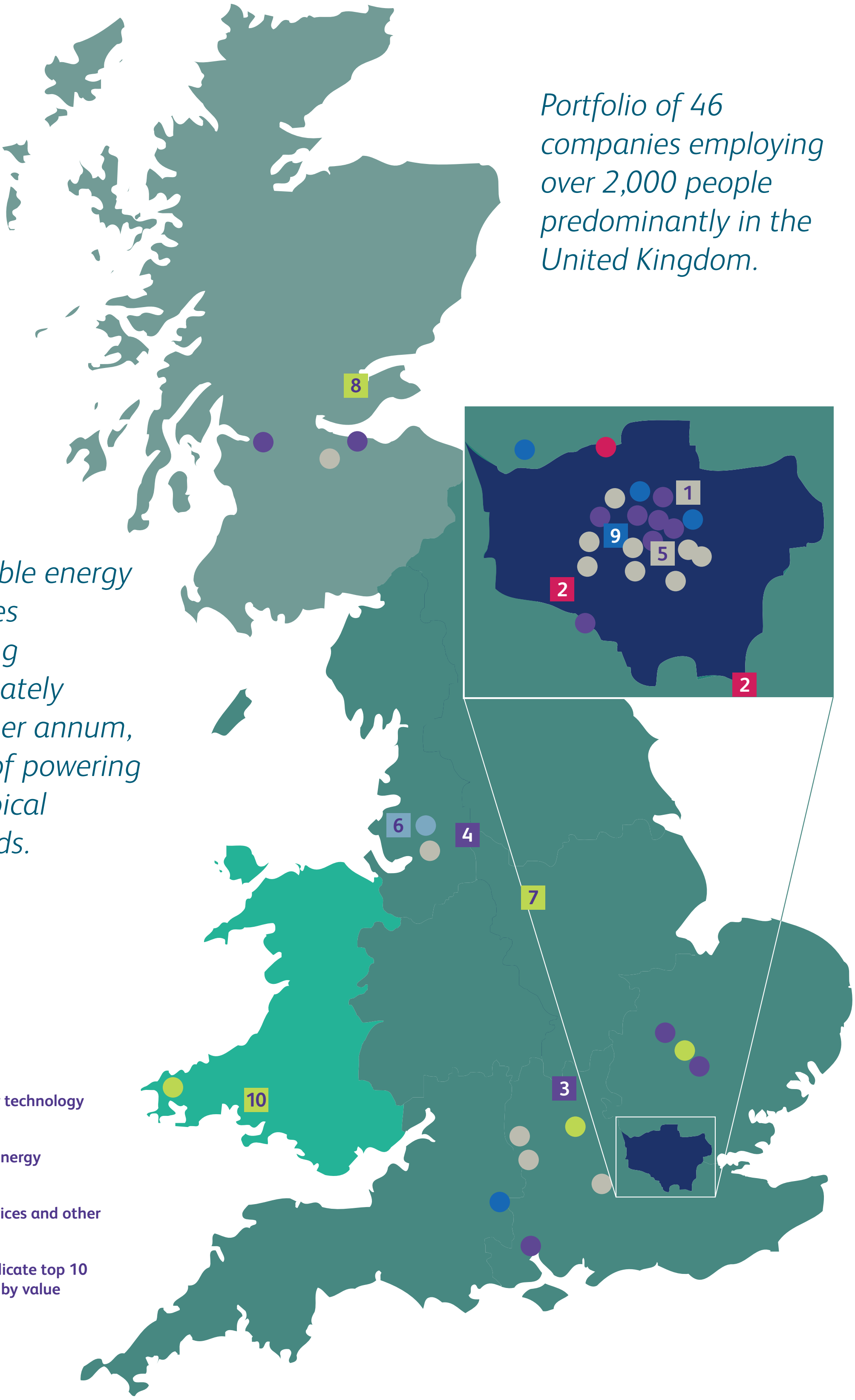
Total change in value of investments for the year	9,911
Movement in loan stock accrued interest	8
Unrealised gains on fixed asset investments	9,919
Realised gains on fixed asset investments	573
Unrealised loss on current asset investments	(84)
Total gains on investments as per Income statement	10,408

Portfolio companies

Geographical locations

Portfolio of 46 companies employing over 2,000 people predominantly in the United Kingdom.

6 renewable energy companies generating approximately 18GWh per annum, capable of powering 5,000 typical households.



The top ten investments by value are shown below.

Website: www.egress.com

1. Egress Software Technologies Limited

Egress has developed a cloud-based secure communication platform that offers encrypted services including email, file transfer, document collaboration and archiving. Egress's early customers came from the public sector, but are now spread across all verticals where there is a need for enhanced data security, including the financial services, health and legal sectors.

Audited results: year to 31 December 2017	£'000
Turnover	11,747
LBITDA	(4,262)
Loss before tax	(5,324)
Net assets	11,212
Basis of valuation	Cost and price of recent investment (reviewed for impairment or uplift)

Investment information	£'000
Income recognised in the year	–
Total cost	3,365
Valuation	9,302
Voting rights	9.9 per cent.
Voting rights for all Albion managed companies	24.7 per cent.

2. Radnor House School (Holdings) Limited

Radnor House operates two independent schools in Twickenham and Sevenoaks. The Twickenham school trades at near mature levels with more than 400 children on the roll. The school in Sevenoaks, which was acquired in 2015 as a turnaround opportunity, is now growing strongly with over 400 children on the roll and further capacity to expand. Both schools aim to deliver a personalised education experience to each student with a focus on learning. The curriculum and co-curricular activities are designed to give each child a wide range of academic and other skills and prepare him or her for a dynamic and rapidly changing world.

Website: www.radnorhouse.org

Audited results: year to 31 August 2018	£'000
Turnover	12,952
EBITDA	2,194
Profit before tax	40
Net assets	37,636
Basis of valuation	Third party valuation – earnings multiple

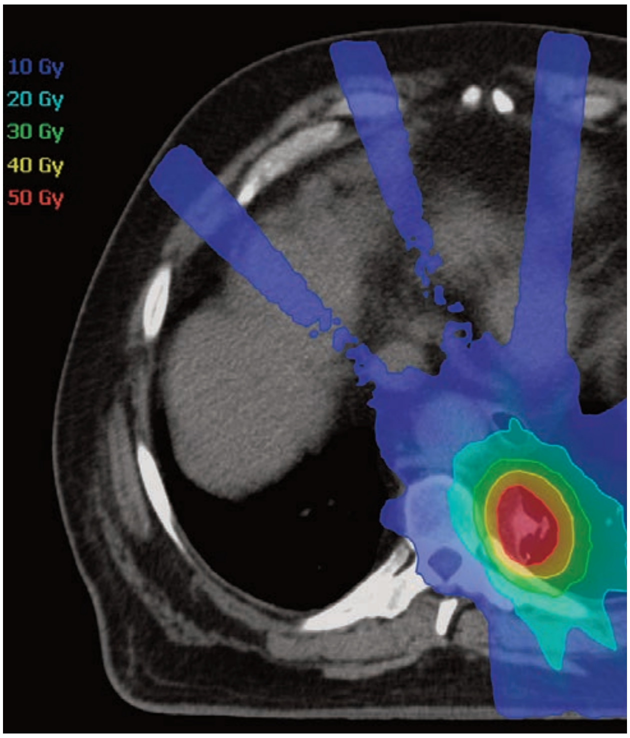
Investment information	£'000
Income recognised in the year	349
Total cost	2,991
Valuation	7,307
Voting rights	9.8 per cent.
Voting rights for all Albion managed companies	50.0 per cent.

3. Mirada Medical Limited

Mirada Medical develops medical imaging software that can identify tumours in medical images, and helps clinicians plan radiotherapy treatment of the cancer. By combining deep learning technology with a thorough understanding of the challenges faced in oncology today, Mirada is leading the development of next generation imaging software and decision support products. These products improve consistency and productivity while enabling clinicians to deliver more personalised care.

Audited results: year to 31 December 2017	£'000
Turnover	4,437
LBITDA	(303)
Loss before tax	(610)
Net liabilities	(1,834)
Basis of valuation	Cost and price of recent investment (reviewed for impairment or uplift)

Investment information	£'000
Income recognised in the year	50
Total cost	1,487
Valuation	3,603
Voting rights	15.1 per cent.
Voting rights for all Albion managed companies	45.0 per cent.



Website: www.mirada-medical.com

Website: www.proveca.co.uk

4. Proveca Limited

Proveca is a pharmaceutical company focused on children's medicines. Currently 50-90% of the medicines children take are in adult format and/or are not licensed for their use. Proveca is addressing a significant need in developing drugs that are specifically formulated for children, taking advantage of a supportive regulatory regime and market protection throughout Europe. Its first product, Sialanar, for chronic drooling was launched in 2017. It has a pipeline of drugs focused on neurology, cardiovascular and other therapeutic areas that it expects to reach the market over the next 2 to 5 years.

Filleted audited results: year to 31 July 2018	£'000
Net liabilities	(5,548)
Basis of valuation	Cost and price of recent investment (reviewed for impairment or uplift)

Investment information	£'000
Income recognised in the year	–
Total cost	905
Valuation	3,015
Voting rights	8.8 per cent.
Voting rights for all Albion managed companies	45.5 per cent.

5. Bravo Inns II Limited

Bravo Inns II Ltd was formed in 2007 to acquire freehold pubs in the North of England. The Bravo strategy is to acquire closed and underinvested sites, undertaking high quality refurbishments before trading as drink-led community pubs. The estate currently consists of 31 sites and the Bravo team are looking to add 2-3 sites a year to grow the estate.

Filleted audited results: year to 31 March 2018	£'000	Investment information	£'000
Net assets	4,955	Income recognised in the year	21
Basis of valuation	Third party valuation – Earnings multiple	Total cost	2,150
		Valuation	2,906
		Voting rights	13.1 per cent.
		Voting rights for all Albion managed companies	50.0 per cent.

Website: www.bravoinns.com

Website: www.quantexa.com

6. Quantexa Limited

Quantexa has developed a big data analytics platform which offers entity resolution and network analytics at massive scale in real time. The initial market focus has been on detecting financial crime for the banking sector, where Quantexa can materially improve processes such as KYC and AML checks as well as financial investigations. Albion funds have invested alongside HSBC.

Audited results: year to 31 March 2018	£'000	Investment information	£'000
Turnover	5,018	Income recognised in the year	–
LBITDA	(1,441)	Total cost	699
Loss before tax	(1,539)	Valuation	2,896
Net assets	2,069	Voting rights	2.8 per cent.
Basis of valuation	Cost and price of recent investment (reviewed for impairment or uplift)	Voting rights for all Albion managed companies	12.3 per cent.

7. Regenerco Renewable Energy Limited

Website: www.regenerco.co.uk

Regenerco Renewable Energy owns and operates solar PV systems on 15 commercial properties and circa 570 council owned homes in Cambridgeshire. It provides free and clean electricity to those homes and benefits from inflation-protected renewable subsidies for a period of 20 to 25 years. Most of the PV systems on commercial properties were commissioned in 2011 and 2012, and council housing in 2013.

Filleted audited results: year to 31 December 2017	£'000	Investment information	£'000
Net liabilities	(192)	Income recognised in the year	109
Basis of valuation	Third party valuation – Discounted cash flow	Total cost	1,261
		Valuation	2,068
		Voting rights	12.5 per cent.
		Voting rights for all Albion managed companies	50.0 per cent.

Portfolio companies continued

8. Earnside Energy Limited

Earnside Energy owns and operates an anaerobic digestion ("AD") plant and composting facility in Perthshire in Scotland. The AD plant, which has recently undergone a significant expansion programme, turns waste food into electricity and produces digestate for use as an agricultural fertiliser, while the composting facility produces compost from co-mingled food and garden waste. The combined facility is capable of processing c. 75,000 tonnes of waste per annum. Since the year end, the sale process for Earnside Energy Limited has completed.

Audited results: year to 31 December 2017	£'000
Turnover	2,803
EBITDA	158
Loss before tax	(1,080)
Net liabilities	(101)
Basis of valuation	Offer price

Investment information	£'000
Income recognised in the year	–
Total cost	1,394
Valuation	1,853
Voting rights	8.7 per cent.
Voting rights for all Albion managed companies	50.0 per cent.

Website: www.earnsideenergy.com

9. G. Network Communications Limited

Website: www.g.network

G.Network is a fibre optic broadband provider focused on the provision of fibre broadband to SMEs in central London. Albion funds invested £4.7 million in total in 2017. The Company was founded in March 2016. The Albion funds have been used to ramp up the build out of street units, as well as building the team, predominantly a dedicated sales and marketing team to sign up customers.

Filleted audited results: year to 31 March 2018	£'000
Net liabilities	(381)
Basis of valuation	Cost and price of recent investment (reviewed for impairment or uplift)

Investment information	£'000
Income recognised in the year	–
Total cost	850
Valuation	1,838
Voting rights	4.7 per cent.
Voting rights for all Albion managed companies	25.7 per cent.

Website: www.infiniteenergy.co.uk

10. Alto Prodotto Wind Limited

Alto Prodotto owns and operates three 500kW wind turbines in brown field areas of Wales, powering local businesses like a roof tile factory. It generates enough electricity to power about 1,500 homes. It benefits from inflation-protected renewable subsidies for a period of 20 years. The first two turbines were commissioned in 2012 and the third in 2014.

Filleted audited results: year to 31 March 2018	£'000
Net assets	1,470
Basis of valuation	Third party valuation – Discounted cash flow

Investment information	£'000
Income recognised in the year	111
Total cost	941
Valuation	1,588
Voting rights	11.1 per cent.
Voting rights for all Albion managed companies	50.0 per cent.

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 2019. The Statement of corporate governance on pages 32 to 36 forms a part of the Directors' report.

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.

The Company is not a close company for taxation purposes and its shares are premium 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 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. There are no restrictions on the transfer of shares or on voting rights.

Shareholders are entitled to receive dividends and are entitled to the return of capital on winding up or other return of 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 1,253,351 Ordinary shares, of which 782,335 Ordinary shares were issued under the Albion VCTs Top Up Offers; and 471,016 Ordinary shares were issued under the Dividend Reinvestment Scheme.

Your Board, in conjunction with the boards of the other VCTs managed by Albion Capital Group LLP, launched a prospectus top up offer of new Ordinary shares on 7 January 2019. On 2 April 2019, the Company was pleased to announce that it had reached its £8 million limit under its Offer which was fully subscribed and closed early. All shares under the offer were issued after the year end and further details can be in note 19. The proceeds will be used to provide further resources at a time when a number of attractive investment opportunities are being seen.

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 12 of the Strategic report and details of share buybacks during the year can be found in note 15.

Substantial interests and shareholder profile

As at 31 March 2019 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 Guidance and Transparency Rule 5 made to the Company during the year ended 31 March 2019, 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 7 of the Chairman's statement and on page 9 of the Strategic report.

Results and dividends

Detailed information on the results and dividends for the year ended 31 March 2019 can be found in the Strategic report on pages 8 and 9.

Going concern

In accordance with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued by the Financial Reporting Council in September 2014, the Board has assessed the Company's operation as a going concern. The Company has adequate cash and liquid resources, 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 17. 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 2019 are shown in note 19.

Directors' report continued

Principal risks and uncertainties

A summary of the principal risks faced by the Company is set out on pages 13 and 14 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' (this will increase to 80 per cent. for accounting periods beginning on or after 6 April 2019);

(3) At least 70 per cent. by HMRC value of its total qualifying holdings must have been represented throughout the year by holdings of 'eligible shares'. Investments made before 6 April 2018 from funds raised before 6 April 2011 are excluded from this requirement;

(4) At least 30 per cent. of funds raised in accounting periods beginning on or after 6 April 2018 must be invested in qualifying holdings by the anniversary of the accounting period in which the funds were raised;

(5) 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;

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

(7) The Company's shares, throughout the year, must have been listed on a regulated European market;

(8) An investment in any company must not cause that company to receive more than £5 million in State aid risk finance in the 12 months up to the date of the investment, nor more than £12 million in total (the limits are £10 million and £20 million respectively for a "knowledge intensive" company);

(9) The Company must not invest in a company whose trade is more than seven years old (ten years for a "knowledge intensive" company) unless the company previously received State aid risk finance in its first seven years, or the company is entering a new market and a turnover test is satisfied;

(10) The Company's investment in another company must not be used to acquire another business, or shares in another company; and

(11) The Company may only make qualifying investments or certain non-qualifying investments permitted by section 274 of the Income Tax Act 2007.

These tests drive a spread of investment risk through preventing 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 2019. 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 8.

A "knowledge intensive" company is one which is carrying out significant amounts of R&D from which the greater part of its business will be derived, or where those R&D activities are being carried out by staff with certain higher educational attainments.

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

Environment

The management and administration of the Company is undertaken by the Manager, who 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.

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' Report) regulations 2013, including those within our underlying investment portfolio.

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

The Manager reviews the anti-bribery policies and procedures of all portfolio companies.

Anti-facilitation of tax evasion
The Company has a zero tolerance approach with regards to the facilitation of criminal tax evasion and has put in place a robust risk assessment procedure to ensure compliance. The Board reviews this policy and the prevention procedures in place for all associates on a regular basis.

Diversity
The Board currently consists of four 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 16.

The Manager has an equal opportunities policy and currently employs 10 men and 17 women.

Packaged Retail and Insurance-based Investment Products ("PRIIPs")
Investors should be aware that the PRIIPs Regulation requires the Manager, as PRIIP manufacturer, to prepare a Key Information Document ("KID") in respect of the Company. This KID must be made available by the Manager to retail investors prior to them making any investment decision and is available on the Company's webpage on the Manager's website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by the law. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.

Alternative Investment Fund Managers Directive ("AIFMD")
Under the Alternative Investment Fund Manager Regulations 2013 (as amended) the Company is a UK AIF and from 1 October 2018 the Manager is a full scope UK AIFM. Ocorian (UK) Limited provides depositary services under the AIFMD.

Material changes to information required to be made available to investors of the Company

The AIFMD outlines the required information which has to be made available to investors prior to investing in an AIF and directs that material changes to this information be disclosed in the Annual Report of the AIF. There were no material changes in the year.

Assets of the Company subject to special arrangements arising from their illiquid nature

There are no assets of the Company which are subject to special arrangements arising from their illiquid nature.

Remuneration (unaudited)

The Manager has a remuneration policy which meets the requirements of the AIFMD Remuneration Code and associated Financial Conduct Authority guidance.

The Manager has a Remuneration Committee (comprised of three partners) which decides upon the remuneration of partners and staff, taking into account the performance of the Manager generally as well as individual performance.

Annual partner and staff appraisals are carried out in order to assess individual performance against agreed objectives within the broader framework of Albion Capital's performance. Financial and non-financial criteria are taken into account when assessing performance. Variable remuneration will be based on a combination of the assessment of the performance of the individual, the Manager and the Manager's funds. The Manager does not link an individual's rewards to the success of individual portfolio investments but rather to the success of the Manager and its Funds as a whole.

The Remuneration Committee ensures an appropriate balance between fixed and variable components of remuneration of staff. In determining variable remuneration current and future risks are taken into account and variable remuneration is adjusted where appropriate. The Manager does not pay any guaranteed variable remuneration. Taking into account the amount of variable remuneration as a proportion of total remuneration and the size, nature and lack of complexity of the Manager's organisation and its activities, remuneration is not subject to deferral or performance adjustments.

The Manager has a policy which is designed to identify and manage conflicts of interest to the extent that these cannot be avoided and this applies to all staff.

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

Directors
The Directors who held office throughout the year, and their interests in the shares of the Company (together with those of their immediate family) are shown in the Directors' remuneration report on page 38.

No Director has a service contract with the Company.

Directors' report continued

All Directors, except for Patrick Reeve, who is the chairman of the Manager, are members of the Audit Committee, of which Lord St John of Bletso is Chairman. Patrick Reeve, as chairman of the Manager 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 and 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, Maxwell Packe, Lord St John of Bletso and Lady Balfour of Burleigh, having served as Directors for longer than nine years, will retire and offer themselves for re-election. Patrick Reeve is not considered to be independent as he is the chairman of the Manager, 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.

Investment and co-investment

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

Auditor

The 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 The Charterhouse, Charterhouse Square, London EC1M 6AN at noon on 30 July 2019. 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.capital/funds/AAEV under the "Financial Reports and Circulars" section.

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.

These resolutions replace the authorities given to the Directors at the Annual General Meeting in 2018. The authorities sought at the forthcoming Annual General Meeting will expire 15 months from the date that the resolution is passed or at the conclusion of the next Annual General Meeting of the Company, whichever is earlier.

Authority to allot shares

Ordinary resolution number 9 will request the authority for the Directors to allot up to an aggregate nominal amount of £143,552 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 7,821,443 treasury shares representing 10.9 per cent. of the total Ordinary share capital in issue as at the date of this report.

Disapplication of pre-emption rights

Special resolution number 10 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 Company holds in treasury for cash. The authority relates to a maximum aggregate of £143,552 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.

Purchase of own shares

Special resolution number 11 will request authority for the Company to purchase up to 10,759,231 shares representing 14.99 per cent. of the Company's issued Ordinary share capital at, or between, the minimum and maximum prices specified in resolution number 11.

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. Details of share buy-backs during the year can be found in note 15.

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.

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 Capital Group LLP
Company Secretary

1 Benjamin Street
London, EC1M 5QG
21 June 2019

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and 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 Company's Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP") (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 for 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 judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with applicable UK accounting standards, subject to any material departures disclosed and explained in the Financial Statements;
- prepare a Strategic report, a Director's report and Director's remuneration report which comply with the requirements of the Companies Act 2006.

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

The Directors are responsible for ensuring that the Annual Report and Financial Statements, taken as a whole, are fair, balanced, and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

Website publication

The Directors are responsible for ensuring the Annual Report and Financial Statements are made available on a website. Financial Statements are published on the Company's webpage on the Manager's website 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 Company's webpage is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the Financial Statements contained therein.

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

The Directors confirm to the best of their knowledge:

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

For and on behalf of the Board

Maxwell Packe
Chairman
21 June 2019

Statement of corporate governance

Background

The Financial Conduct Authority requires all companies listed on a regulated market 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 2016.

The Board 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, Lady Balfour of Burleigh and Christopher Burrows 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 chairman of Albion Capital Group LLP, the Manager.

Maxwell Packe, Lady Balfour of Burleigh and Lord St John of Bletso have been Directors of the Company for more than nine years and, in accordance with the recommendations of the AIC code, are subject to annual re-election. 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 their ability to act independently of the Manager. Patrick Reeve is also subject to annual re-election, as he is not considered to be an independent Director.

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 16. 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 quarterly Board meetings. All Directors attended all meetings, except for Lord St John of Bletso who 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. A sub-committee of the Board also met during the year to approve the terms and contents of the Offers documents under the Albion VCTs Prospectus Top Up Offers 2018/19.

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

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

- the 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;

Statement of corporate governance

continued

- 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 and Financial Statements that are fair, balanced and understandable, which provides the information necessary for shareholders to assess the position, 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:

- 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, Maxwell Packe, Lady Balfour of Burleigh, Lord St John of Bletso and Patrick Reeve, all 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 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 webpage on the Manager's website at www.albion.capital/funds/AAEV under the "Corporate Governance" section.

Audit Committee

Lord St John of Bletso is Chairman of the Audit Committee and all Directors are members of this Committee except Patrick Reeve. 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 2019; all members attended.

Written terms of reference have been constituted for the Audit Committee and can be found on the Company's webpage on the Manager's website at www.albion.capital/funds/AAEV under the "Corporate Governance" section.

During the year under review, the Committee discharged its 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 judgement and on critical accounting policies;
- reviewing the effectiveness of the internal controls system and examination of the Internal Controls Report produced by the Manager;
- meeting with the 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

Statement of corporate governance

continued

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 position, 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 Manager. The Audit Committee reviewed the estimates and judgements 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 position, performance, business model and strategy.

Relationship with the external Auditor

The Audit 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 2019, and assessments made by individual Directors.

In 2017 the Audit Committee undertook a tendering exercise for the provision of audit services. As a result of this process, BDO LLP was retained as Auditor. BDO first acted as Auditor for the year ended 31 March 2008 and this will be year 12 of their tenure. 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 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 determine if the Auditor's skills match all the relevant and appropriate criteria.

Based on the assurance obtained, the Audit Committee recommended to the Board a resolution to re-appoint BDO LLP as Auditor at the forthcoming Annual General Meeting.

Nomination Committee

The Nomination Committee consists of all Directors, except 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.

Statement of corporate governance

continued

During the year, the Nomination Committee met to discuss the appointment of a new Director. The Nomination Committee carried out a formal and extensive process to identify appropriately qualified people, and following a detailed interviewing and referencing process, the Nomination Committee recommended the appointment of Christopher Burrows as a new Director.

Terms of reference for the Nomination Committee can be found on the Company's webpage on the Manager's website at www.albion.capital/funds/AAEV under the "Corporate Governance" section.

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 FRC guidance "Risk Management, Internal Control and Related Financial and Business Reporting". 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 chairman and reviews of financial reports are carried out by the operations partner of Albion Capital Group LLP;
- bank reconciliations are carried out monthly and stock reconciliations are carried out six-monthly by the Manager in accordance with FCA requirements;
- all published financial reports are reviewed by the Manager's Compliance department;
- the Board reviews financial information; and
- a separate Audit Committee of the Board reviews published financial information.

As the Board has delegated the investment management and administration of the Company to the Manager, the Board feels that it is not necessary to have its own internal audit function. Instead, the Board has access to PKF Littlejohn LLP, which, as internal auditor for the Manager, undertakes periodic examination of the business processes and controls environment at Albion Capital Group LLP and ensures that any recommendations to implement improvements in controls are carried out. During the year, the Board reviewed internal audit reports prepared by PKF Littlejohn LLP. The Board and the Audit Committee will continue to monitor its system of internal control in order to provide assurance that it operates as intended.

In addition to this, Ocorian (UK) Limited, the Company's external Depositary from 1 October 2018, provides cash monitoring, asset verification, and oversight services to the Company and reports to the Board on a quarterly basis. The Board and the Audit Committee 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, and is excluded from discussions or decisions regarding 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 26, 29 and 30 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.

Statement of corporate governance

continued

Relationships with shareholders

The Company's Annual General Meeting on 30 July 2019 will be used as an opportunity to communicate with shareholders. 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 and financial advisers are able to obtain information on holdings and performance using the contact details provided on page 2.

The Company's shares are listed on the London Stock Exchange and it is through this market that the Company operates its share buy-back programme. In order for shareholders to sell shares they should, after due consideration of their personal tax position, 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 2019 with all the relevant provisions set out in the Code and with the AIC Code of Corporate Governance. The Company continues to comply with the Code, as at the date of this report.

For and on behalf of the Board

Maxwell Packe
Chairman
21 June 2019

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 30 July 2019 for the approval of the annual remuneration report as set out below.

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 Directors, except Patrick Reeve, with Lady Balfour of Burleigh as Chairman.

The Remuneration Committee met once during the year to review Directors' responsibilities and fees against the market and concluded that the level of remuneration should be increased to remain both competitive and reflective of the workload and responsibilities required from the Directors. The Committee agreed to raise the salary for the Chairman of the Audit Committee to £23,000, and all other Directors to £22,000. The change in remuneration took place from 1 July 2018 and is in line with the remuneration policy as detailed below.

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.

This policy was last voted on at the 2017 Annual General Meeting where 93% of shareholders voted for the resolution, (7% voted against the resolution, and, of the total votes cast, 50,086 votes were withheld (being 0.1% of total voting rights)) approving the Directors' remuneration policy.

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 an ordinary resolution subject to ratification by shareholders.

This policy will continue for the year ending 31 March 2020. 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 Maxwelle Packe, Lord St John of Bletso, 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, 95% of shareholders voted for the resolution approving the Directors' remuneration report, 5% of shareholders voted against the resolution and of the total votes cast, 57,147 were withheld (being 0.1% of total voting rights), 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 meets at least once a year and met once after 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 2019 £'000	Year ended 31 March 2018 £'000
Maxwell Packe	24	24
Lord St John of Bletso	23	22
Lady Balfour of Burleigh	22	20
Albion Capital Group LLP (for Patrick Reeve's services)	6	20
Christopher Burrows (appointed 27 June 2018)	16	N/A
	91	86

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 Capital Group LLP. From 30 June 2018, Patrick Reeve agreed to waive his fees for his services as a Director of the Company.

The Directors' collective total remuneration for the year ending 31 March 2020 is expected to be £91,000.

In addition to Directors' remuneration, the Company pays an annual premium in respect of Directors' & Officers' Liability Insurance of £8,618 (2018: £8,601).

Directors' interests

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:

	Shares held on 31 March 2019	Shares held on 31 March 2018
Maxwell Packe	488,733	488,733
Lady Balfour of Burleigh	31,705	31,705
Lord St John of Bletso	30,831	30,831
Patrick Reeve	90,892	86,252
Christopher Burrows (appointed 27 June 2018)	6,298	N/A
	648,459	637,521

After the year end, Maxwell Packe, Lady Balfour of Burleigh and Christopher Burrows, together with those of their immediate family, subscribed for new shares under the Albion VCTs Prospectus Top Up Offers 2018/19 and were issued with 10,186; 848; and 16,933 respectively as part of the 1 April 2019 allotment.

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

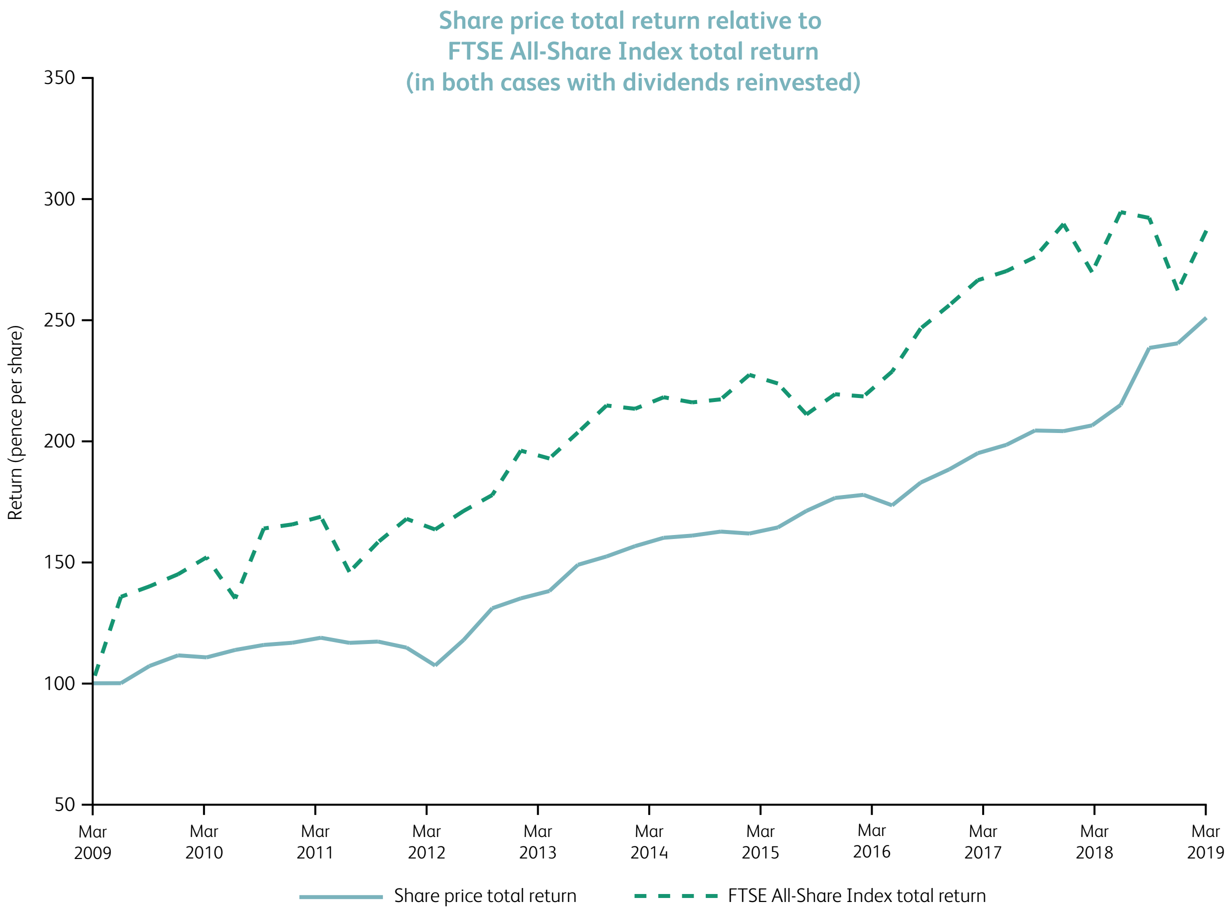
The following items have not been audited.

Albion Capital Group LLP, its partners and staff hold a total of 368,104 shares in the Company as at 31 March 2019.

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 1 April 2009. The Directors consider the FTSE All-Share Index to be the most appropriate benchmark for the Company as it contains a large range of sectors within the UK economy similar to a generalist VCT. 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 Capital Group LLP

Methodology: The share price total return to the shareholder, including original amount invested (rebased to 100) from 1 April 2009, 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.

Directors' pay compared to distribution to shareholders

	2019 £'000	2018 £'000	Percentage change
Total dividend distribution to shareholders	3,432	2,711	26.6%
Share buybacks	585	800	(26.9%)
Total Directors fees	91	86	5.8%

For and on behalf of the Board

Maxwell Packe
Director
21 June 2019

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

Opinion

We have audited the financial statements of Albion Enterprise VCT plc (the "company") for the year ended 31 March 2019 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity and the Statement of Cash flows and notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation in the annual report as to how they have assessed the prospects of the company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How We Addressed the Key Audit Matter in the Audit
Valuation of unquoted investments (Note 3 and 11 to the financial statements) There is a high level of estimation uncertainty involved in determining the unquoted investment valuations. The Investment Manager's fee is based on the value of the net assets of the fund, as shown in note 5. As the Investment Manager is responsible for valuing investments for the financial statements, there is a potential risk of overstatement of investment valuations. The existence of an expense cap in the management agreement enhances this risk.	The unquoted investment portfolio comprises loan and equity investments in unquoted companies. We tested a sample of 81% of the unquoted investment portfolio by value of investment holdings. We performed preliminary analytical procedures to determine our investment sample and the extent of our work considering, inter alia, the value of individual investments, the nature of the investment and the extent of the fair value movement. 58% of the unquoted portfolio is based on valuations using net assets (i.e. cash held), cost (where the investment was recently acquired), the price of a recent investment, or an offer to acquire the investee company. For such investments, we checked the cost, net assets or third party offer to supporting documentation and considered the Investment Manager's determination of whether there were any reasons why the valuation and the valuation methodology was not appropriate at 31 March 2019. The remaining 42% of the investment portfolio is valued with reference to more subjective techniques with 30% supported by a valuation performed by a third party (12% based on discounted cash flows and 18% using earnings multiples). The remaining 12% of the portfolio is valued using multiples of revenue or earnings, as described in note 11. Our detailed testing for such investments, performed on all investments within our sample comprised: • Forming a determination of whether the valuation methodology is the most appropriate in the circumstances under the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines obtaining management explanations • Re-performing the calculation of the multiples-based investment valuations • Where a valuation has been performed by a third party management's expert, we assessed the competence and capabilities of that expert, the quality of their work and their qualifications, as well as challenging the basis of inputs and assumptions used by the expert (i.e. discount rates and earnings multiples). We also considered any updates for subsequent information to the valuation made by the investment manager and obtained appropriate evidence for those changes • Benchmarking key inputs and estimates to independent information and our own research • Challenging the assumptions inherent in the valuation of unquoted investments and assessed the impact of the estimation uncertainty concerning these assumptions and the disclosure of these uncertainties in the Financial Statements • Considering the economic environment in which the investment operates to identify factors that could impact the investment valuation • Developing our own point estimates where alternative assumptions could reasonably be applied and considered the overall impact of such sensitisations on the portfolio of investments in determining whether the valuations as a whole are reasonable and unbiased.

<table>
<tr><th>Key Audit Matter</th><th>How We Addressed the Key Audit Matter in the Audit</th></tr>
<tr><td></td><td>For investments not included in our detailed testing, we performed the following procedures where relevant:
• Considered whether the valuation had been prepared by a suitably qualified individual
• Considered whether a valid IPEV methodology had been adopted
• Considered whether the valuation used up to date trading information
For a sample of loans held at fair value, we:
• Vouched security held to documentation
• Considered the assumption that fair value is not significantly different to cost by challenging the assumption that there is no significant movement in the market interest rate since acquisition and considering the "unit of account" concept (i.e. the investment as a whole)
• Reviewed the treatment of accrued redemption premium/other fixed returns in line with the SORP</td></tr>
<tr><td>Revenue recognition (Note 2 and 4 to the financial statements)
Revenue arises from unquoted investments and can be difficult to predict. It is often a key factor in demonstrating the performance of the portfolio.
Revenue consists primarily of interest earned on loans to investee companies, as well as dividends receivable from investee companies.
Revenue recognition is considered to be a significant risk, particularly the assessment of the recoverability of loan interest income, and the completeness of dividends, as it is one of the key drivers of dividend returns to investors.</td><td>We developed expectations for interest income receivable based on loan instruments and investigated any variations in amounts recognised to ensure they were valid.
We also reviewed the recognition and classification of accrued fixed income receipts to ascertain whether it meets the definition of realised income, considering management information relevant to the ability of the portfolio company to service the loan and the reasons for any arrears of loan interest.
In respect of dividends receivable, we compared actual income to expectations set based on independent published data or management information from the investee company on dividends declared by the portfolio companies held.</td></tr>
</table>

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. 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. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels 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 three levels of materiality, the quantum and purpose of which are tabulated below.

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

Materiality measure	Purpose	Key considerations and benchmarks	Quantum 2019 (£)	Quantum 2018 (£)
Financial statement materiality *(2% of gross investments)*	Assessing whether the financial statements as a whole present a true and fair view.	• The gross value of investments • The level of judgement inherent in the valuation • The range of reasonable alternative valuations	£1,180,000	£1,040,000
Performance materiality *(75% of materiality)*	Lower level of materiality applied in performance of the audit when determining the nature and extent of testing applied to individual balances and classes of transactions.	• Financial statement materiality • Risk and control environment	£885,000	£780,000
Specific materiality – classes of transactions and balances which impact on net realised returns *(5% of gross expenditure)*	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.	• Level of revenue	£90,000	£245,000

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £22,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our audit approach was developed by obtaining an understanding of the company's activities, 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.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of the valuation of investments which have a high level of estimation uncertainty involved in determining the unquoted investment valuations.

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ("the SORP") issued in November 2014 and updated in February 2018 with consequential amendments and FRS 102. We also considered the company's qualification as a VCT under UK tax legislation.

We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

We focused on laws and regulations that could give rise to a material misstatement in the company financial statements. Our tests included, but were not limited to:

- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management; and
- review of minutes of board meetings throughout the period.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable** – the statement given by the directors that they consider 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, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit Committee reporting** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code** – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions 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.

In our opinion, based on the work undertaken in the course of the audit:

- 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 strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by the Board of Directors to audit the financial statements for the year ended 31 March 2008 and subsequent financial periods. We successfully retendered for the audit of the financial statements for the year ended 31 March 2018 and we were reappointed as auditors in respect of the year ended 31 March 2019 by the Members. The period of total uninterrupted engagement is 12 years, covering the years ending 31 March 2008 to 31 March 2019.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

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.

Vanessa-Jayne Bradley (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom
21 June 2019

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

Income statement

	Note	Year ended 31 March 2019 Revenue £'000	Year ended 31 March 2019 Capital £'000	Year ended 31 March 2019 Total £'000	Year ended 31 March 2018 Revenue £'000	Year ended 31 March 2018 Capital £'000	Year ended 31 March 2018 Total £'000
Gains on investments	3	–	10,408	10,408	–	9,205	9,205
Investment income	4	992	–	992	651	–	651
Investment management fees	5	(398)	(1,195)	(1,593)	(342)	(1,027)	(1,369)
Performance incentive fee	5	(333)	(999)	(1,332)	(275)	(825)	(1,100)
Other expenses	6	(263)	–	(263)	(241)	–	(241)
Return/(loss) on ordinary activities before taxation		(2)	8,214	8,212	(207)	7,353	7,146
Tax on ordinary activities	8	–	–	–	–	–	–
Return/(loss) and total comprehensive income attributable to shareholders		(2)	8,214	8,212	(207)	7,353	7,146
Basic and diluted return/(loss) per share (pence)*	10	(0.01)	14.35	14.34	(0.39)	13.79	13.40

* adjusted for treasury shares

The accompanying notes on pages 50 to 63 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.

Balance sheet

	Note	31 March 2019 £'000	31 March 2018 £'000
Fixed asset investments	11	**59,146**	52,436
Current assets			
Current asset investments	13	**3,642**	1,127
Trade and other receivables less than one year	13	**1,974**	105
Cash and cash equivalents		**4,441**	9,760
		10,057	10,992
Total assets		**69,203**	63,428
Payables: amounts falling due within one year			
Trade and other payables less than one year	14	**(1,815)**	(1,557)
Total assets less current liabilities		**67,388**	61,871
Equity attributable to equity holders			
Called up share capital	15	**650**	638
Share premium		**30,255**	28,945
Capital redemption reserve		**104**	104
Unrealised capital reserve		**18,672**	17,657
Realised capital reserve		**8,089**	890
Other distributable reserve		**9,618**	13,637
Total equity shareholders' funds		**67,388**	61,871
Basic and diluted net asset value per share (pence)*	16	**117.76**	109.46

* excluding treasury shares

The accompanying notes on pages 50 to 63 form an integral part of these Financial Statements.

These Financial Statements were approved by the Board of Directors, and were authorised for issue on 21 June 2019 and were signed on its behalf by

Maxwell Packe
Chairman

Company number: 05990732

Statement of changes in equity

	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 2018	**638**	**28,945**	**104**	**17,657**	**890**	**13,637**	**61,871**
Return/(loss) and total comprehensive income for the year	**–**	**–**	**–**	**9,835**	**(1,621)**	**(2)**	**8,212**
Transfer of previously unrealised gains on disposal of investments	**–**	**–**	**–**	**(8,820)**	**8,820**	**–**	**–**
Issue of equity	**12**	**1,333**	**–**	**–**	**–**	**–**	**1,345**
Cost of issue of equity	**–**	**(23)**	**–**	**–**	**–**	**–**	**(23)**
Purchase of own shares for treasury	**–**	**–**	**–**	**–**	**–**	**(585)**	**(585)**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**(3,432)**	**(3,432)**
As at 31 March 2019	**650**	**30,255**	**104**	**18,672**	**8,089**	**9,618**	**67,388**
As at 1 April 2017	580	23,225	104	9,910	1,284	17,355	52,458
Return/(loss) and total comprehensive income for the year	–	–	–	8,852	(1,499)	(207)	7,146
Transfer of previously unrealised gains on disposal of investments	–	–	–	(1,105)	1,105	–	–
Issue of equity	58	5,845	–	–	–	–	5,903
Cost of issue of equity	–	(125)	–	–	–	–	(125)
Purchase of own shares for treasury	–	–	–	–	–	(800)	(800)
Dividends paid	–	–	–	–	–	(2,711)	(2,711)
As at 31 March 2018	638	28,945	104	17,657	890	13,637	61,871

* These reserves amount to £17,707,000 (2018: £14,527,000) which is considered distributable.

Statement of cash flows

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Cash flow from operating activities		
Investment income received	773	581
Dividend income received	170	39
Deposit interest received	38	12
Investment management fee paid	(1,568)	(1,312)
Performance incentive fee paid	(1,100)	(255)
Other cash payments	(261)	(236)
Net cash flow from operating activities	(1,948)	(1,171)
Cash flow from investing activities		
Purchase of current asset investments	(2,600)	(1,200)
Purchase of fixed asset investments	(6,824)	(7,143)
Disposal of fixed asset investments	8,748	1,907
Net cash flow from investing activities	(676)	(6,436)
Cash flow from financing activities		
Issue of share capital	793	5,359
Cost of issue of equity	(3)	(3)
Dividends paid	(2,900)	(2,289)
Purchase of own shares (including costs)	(585)	(821)
Net cash flow from financing activities	(2,695)	2,246
Decrease in cash and cash equivalents	(5,319)	(5,361)
Cash and cash equivalents at start of the year	9,760	15,121
Cash and cash equivalents at end of the year	4,441	9,760
Cash and cash equivalents comprise		
Cash at bank	4,441	9,760
Cash equivalents	–	–
Total cash and cash equivalents	4,441	9,760

Notes to the Financial Statements

1. Accounting convention

The Financial Statements have been prepared in accordance with applicable United Kingdom law and accounting standards, including Financial Reporting Standard 102 ("FRS 102"), and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ("SORP") issued by The Association of Investment Companies ("AIC").

The preparation of the Financial Statements requires management to make judgements and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The most critical estimates and judgements relate to the determination of carrying value of investments at fair value through profit and loss ("FVTPL"). The Company values investments by following the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines and further detail on the valuation techniques used are outlined in note 2 below.

Company information can be found on page 2.

2. Accounting policies

Fixed and current asset investments

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment policy, and information about the portfolio is provided internally on that basis to the Board.

In accordance with the requirements of FRS 102, 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 measured at FVTPL.

Upon initial recognition (using trade date accounting) investments, including loan stock, are classified by the Company as FVTPL and are included at their initial fair value, which is cost (excluding expenses incidental to the acquisition which are written off to the Income statement).

Subsequently, the investments are valued at 'fair value', which is measured as follows:

- Investments listed on recognised exchanges, including liquid open-ended equity funds, are valued at their bid prices at the end of the accounting period or otherwise at fair value based on published price quotations;
- Unquoted investments, where there is not an active market, are valued using an appropriate valuation technique in accordance with the IPEV Guidelines. Indicators of fair value are derived using established methodologies including earnings multiples, revenue multiples, the level of third party offers received, cost or price of recent investment rounds, net assets and industry valuation benchmarks. Where the Company has an investment in an early stage enterprise, the price of a recent investment round is often the most appropriate approach to determining fair value.
- In situations where cost or price of recent investment is used, consideration is given to the circumstances of the portfolio company since that date in determining fair value. This includes consideration of whether there is any evidence of deterioration or strong definable evidence of an increase in value. In the absence of these indicators, the investment in question is valued at the amount reported at the previous reporting date. Examples of events or changes that could indicate a diminution include:
    - the performance and/or prospects of the underlying business are significantly below the expectations on which the investment was based;
    - a significant adverse change either in the portfolio company's business or in the technological, market, economic, legal or regulatory environment in which the business operates; or
    - market conditions have deteriorated, which may be indicated by a fall in the share prices of quoted businesses operating in the same or related sectors.

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 other distributable reserve when a share becomes ex-dividend.

Other current assets and payables

Receivables and payables and cash are carried at amortised cost, in accordance with FRS 102. There are no financial liabilities other than payables.

2. Accounting policies (continued)

Investment income

Equity income

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

Unquoted loan stock income

Fixed returns on non-equity shares and debt securities are recognised when the Company's right to receive payment and expect settlement is established. Where interest is rolled up and/or payable at redemption then it is recognised as income unless there is reasonable doubt as to its receipt.

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 other distributable reserve except the following which are charged through the realised capital reserve:

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

Performance incentive fee

Any performance incentive 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 102. Current tax is tax payable (refundable) in respect of the taxable profit (tax loss) for the current period or past reporting periods using the tax rates and laws that have been enacted or substantively enacted at the financial reporting date. Taxation associated with capital expenses is applied in accordance with the SORP.

Deferred tax is provided in full on all timing differences at the reporting date. Timing differences are differences between taxable profits and total comprehensive income as stated in the Financial Statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the Financial Statements. As a VCT the Company has an exemption from tax on capital gains. The Company intends to continue meeting the conditions required to obtain approval as a VCT in the foreseeable future. The Company therefore, should have no material deferred tax timing differences arising in respect of the revaluation or disposal of investments and the Company has not provided for any deferred tax.

Reserves

Share premium reserve

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

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 where paid out by capital.

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 buy-back of shares and other non-capital realised movements.

Dividends

Dividends by the Company are accounted for in the period in which the dividend is paid or approved at the Annual General Meeting.

Segmental reporting

The Directors are of the opinion that the Company is engaged in a single operating segment of business, being investment in smaller companies principally based in the UK.

3. Gains on investments

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Unrealised gains on fixed asset investments	**9,919**	8,925
Unrealised losses on current asset investments	**(84)**	(73)
Realised gains on fixed asset investments	**573**	353
	10,408	9,205

4. Investment income

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Interest from loans to portfolio companies	**785**	599
Dividends	**170**	39
Bank interest	**37**	13
	992	651

5. Investment management fees

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Investment management fee charged to revenue	**398**	342
Investment management fee charged to capital	**1,195**	1,027
Performance incentive fee charged to revenue	**333**	275
Performance incentive fee charged to capital	**999**	825
	2,925	2,469

Further details of the Management agreement under which the investment management fee and performance incentive fee are paid is given in the Strategic report on pages 11 and 12.

During the year, services of a total value of £1,593,000 (2018: £1,369,000) were purchased by the Company from Albion Capital Group LLP in respect of management fees. In addition, a performance incentive fee with a value of £1,332,000 (2018: £1,100,000) has been disclosed in the Income statement. At the financial year end, the amount due to Albion Capital Group LLP in respect of these services disclosed as accruals and deferred income was £1,747,000 (2018: £1,485,000).

Patrick Reeve is the chairman of the Manager, Albion Capital Group LLP. During the year, the Company was charged by Albion Capital Group LLP £6,000 including VAT (2018: £24,000) in respect of his services as a Director. From 30 June 2018, Patrick Reeve agreed to waive his fees for his services as a Director.

Albion Capital Group LLP, its partners and staff hold a total of 368,104 shares in the Company as at 31 March 2019.

The Manager is, from time to time, eligible to receive arrangement fees and monitoring fees from portfolio companies. During the year ended 31 March 2019, fees of £201,000 attributable to the investments of the Company were received pursuant to these arrangements (2018: £232,000).

The company has entered into an offer agreement relating to the Offers with the Company's investment manager Albion Capital Group LLP, pursuant to which Albion Capital will receive a fee of 2.5 per cent. of the gross proceeds of the Offers and out of which Albion Capital will pay the costs of the Offers, as detailed in the Prospectus.

5. Investment management fees (continued)

During the period an amount of £2,600,000 (2018: £1,200,000) was invested in the SVS Albion OLIM UK Equity Income Fund ("OUEIF") as part of the Company's management of surplus liquid funds. To avoid double charging, Albion agreed to reduce its management fee relating to the investment in the OUEIF by 0.75 per cent., which represents the OUEIF management fee charged by OLIM. This resulted in a reduction of the management fee of £18,000 (2018: £2,000).

6. Other expenses

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Directors' fees and associated costs (inclusive of NIC and VAT)	98	96
Auditor's remuneration for statutory audit services (exclusive of VAT)	28	28
Other administrative expenses	137	117
	263	241

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 2019 £'000	Year ended 31 March 2018 £'000
Directors' fees	91	86
National insurance and/or VAT	7	10
	98	96

The Company's key management personnel are the Directors. Further information regarding Directors' remuneration can be found in the Directors' remuneration report on pages 37 to 39.

8. Tax on ordinary activities

	Year ended 31 March 2019			Year ended 31 March 2018		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
UK corporation tax in respect of the current year	–	–	–	–	–	–

Factors affecting the tax charge	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Return on ordinary activities before tax	8,212	7,146
Tax charge on profit at the standard companies rate of 19% (2018: 19%)	1,560	1,358
Factors affecting the charge:		
Non taxable gains	(1,977)	(1,749)
Non taxable income	(32)	(7)
Unutilised management expenses	449	398
	–	–

8. Tax on ordinary activities (continued)

The tax charge for the year shown in the Income statement is lower than the standard company's rate of corporation tax in the UK of 19 per cent. (2018: 19 per cent.). The differences are explained above. The Company has excess management expenses of £5,241,000 (2018: £2,878,000) that are available for offset against future profits. A deferred tax asset of £891,000 (2018: £489,000) has not been recognised in respect of those losses as they will be recoverable only to the extent that the Company has sufficient future taxable profits.

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.

9. Dividends

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Dividend of 2.50p per share paid on 31 August 2017	**–**	1,294
Dividend of 2.50p per share paid on 28 February 2018	**–**	1,417
Dividend of 3.00p per share paid on 31 August 2018	**1,716**	–
Dividend of 3.00p per share paid on 28 February 2019	**1,716**	–
	3,432	2,711

Details of the consideration issued 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 2020 of 3.00 pence per share to be paid on 30 August 2019 to shareholders on the register on 2 August 2019. The total dividend will be approximately £1,919,000.

10. Basic and diluted return per share

	Year ended 31 March 2019			Year ended 31 March 2018		
	Revenue	**Capital**	**Total**	Revenue	Capital	Total
The return per share has been based on the following figures:						
Return/(loss) attributable to equity shares (£'000)	**(2)**	**8,214**	**8,212**	(207)	7,353	7,146
Weighted average shares in issue (adjusted for treasury shares)		**57,257,089**			53,333,261	
Return/(loss) attributable per equity share (pence)	**(0.01)**	**14.35**	**14.34**	(0.39)	13.79	13.40

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 after adjusting for treasury shares of 7,821,443 (2018: 7,270,443).

11. Fixed asset investments

	31 March 2019 £'000	31 March 2018 £'000
Investments held at fair value through profit or loss		
Unquoted equity and preference shares	**42,802**	34,581
Quoted equity	**289**	237
Unquoted loan stock	**16,055**	17,618
	59,146	52,436

	31 March 2019 £'000	31 March 2018 £'000
Opening valuation	**52,436**	37,775
Purchases at cost	**8,570**	8,200
Disposal proceeds	**(12,344)**	(2,834)
Realised gains	**573**	353
Movement in loan stock revenue accrued income	**(8)**	17
Unrealised gains	**9,919**	8,925
Closing valuation	**59,146**	52,436
Movement in loan stock revenue accrued income		
Opening accumulated movement in loan stock revenue accrued income	**233**	216
Movement in loan stock revenue accrued income	**(8)**	17
Closing accumulated movement in loan stock revenue accrued income	**225**	233
Movement in unrealised gains		
Opening accumulated unrealised gains	**17,730**	9,910
Movement in unrealised gains	**9,919**	8,925
Transfer of previously unrealised gains to realised reserve on disposal of investments	**(8,820)**	(1,105)
Closing accumulated unrealised gains	**18,829**	17,730
Historic cost basis		
Opening book cost	**34,473**	27,649
Purchases at cost	**8,570**	8,200
Sales at cost	**(2,951)**	(1,376)
Closing book cost	**40,092**	34,473

The Company does not hold any assets as the 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.

11. Fixed asset investments (continued)

Unquoted fixed asset investments are valued at fair value in accordance with the IPEV guidelines as follows:

Valuation methodology	31 March 2019 £'000	31 March 2018 £'000
Cost and price of recent investment (reviewed for impairment or uplift)	**32,632**	16,727
Third party valuation – Earnings multiple	**10,687**	9,732
Third party valuation – Discounted cash flow	**6,966**	8,538
Revenue multiple	**5,681**	7,007
Offer price	**1,853**	9,451
Earnings multiple	**956**	662
Net assets	**82**	82
	58,857	52,199

Fair value investments had the following movements between valuation methodologies between 31 March 2018 and 31 March 2019:

Change in valuation methodology (2018 to 2019)	Value as at 31 March 2019 £'000	Explanatory note
Revenue multiple to price of recent investment	**6,499**	Recent external funding round
Third party valuation – discounted cash flow to Offer price	**1,853**	Third party offer accepted
Cost to revenue multiple	**950**	More relevant information available
Cost to earnings multiple	**564**	More relevant information available

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 Guidelines. The Directors believe that, within these parameters, there are no other more relevant methods of valuation which would be reasonable as at 31 March 2019.

FRS 102 and the SORP 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. The table below sets out fair value hierarchy definitions using FRS102 s.11.27.

Fair value hierarchy	Definition
Level 1	Unadjusted quoted prices in an active market
Level 2	Inputs to valuations are from observable sources and are directly or indirectly derived from prices
Level 3	Inputs to valuations not based on observable market data

Quoted investments are valued according to Level 1 valuation methods. Unquoted equity, preference shares and loan stock are all valued according to Level 3 valuation methods.

Investments held at fair value through profit or loss (Level 3) had the following movements in the year to 31 March 2019:

	31 March 2019 £'000	31 March 2018 £'000
Opening balance	**52,199**	37,407
Additions	**8,570**	8,200
Disposals	**(12,344)**	(2,834)
Realised gains	**573**	353
Accrued loan stock interest	**(8)**	17
Unrealised gains	**9,867**	9,056
Closing balance	**58,857**	52,199

11. Fixed asset investments (continued)

FRS 102 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. 76 per cent. of the portfolio of investments is based on cost or recent investment price, offer price or is loan stock, and as such the Board considers that the assumptions used for their valuations are the most reasonable. The Directors believe that changes to reasonable possible alternative assumptions (by adjusting the revenue and earnings multiples) for the valuations of the remainder of the portfolio companies could result in an increase in the valuation of investments by £525,000 or a decrease in the valuation of investments by £525,000. For valuations based on earnings and revenue multiples, the Board considers that the most significant input is the price/earnings ratio; for valuations based on third party valuations, the Board considers that the most significant inputs are price/earnings ratio, discount factors and market values for buildings; which have been adjusted to drive the above sensitivities.

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 investments listed below are held as part of an investment portfolio and therefore, as permitted by FRS 102 section 9.9B, they are measured at fair value through profit and loss and not accounted for using the equity method.

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 2019 as described below:

Company	Registered address and country of incorporation	Principal activity	Profit/(loss) before tax £'000	Aggregate capital and reserves £'000	Result for year ended	% class and share type	% total voting rights
Greenenerco Limited	EC2R 7AF UK	Owner and operator of a wind project	n/a*	464	31 March 2018	28.6% A Ordinary	28.6%

*The company files filleted accounts which do not disclose this information.

13. Current assets

Current asset investments	31 March 2019 £'000	31 March 2018 £'000
SVS Albion OLIM UK Equity Income Fund	3,642	1,127

Current asset investments at 31 March 2019 consist of cash invested in SVS Albion OLIM UK Equity Income Fund and is capable of realisation within 7 days. These are valued using the level 1 fair value hierarchy as defined in note 11.

Trade and other receivables less than one year	31 March 2019 £'000	31 March 2018 £'000
Deferred consideration on disposed investments	1,519	97
Investments awaiting completion*	441	–
Prepayments and accrued income	8	8
Other debtors	6	–
	1,974	105

The Directors consider that the carrying amount of receivables is not materially different to their fair value. Deferred consideration predominantly relates to Grapeshot Limited with proceeds expected in November 2019.

*Investments awaiting completion consisted of Limitless Technology Limited and Imasndra Inc which both completed in April 2019 and can be found in note 19.

14. Payables: amounts falling due within one year

	31 March 2019 £'000	31 March 2018 £'000
Trade payables	**10**	11
Accruals and deferred income	**1,805**	1,546
	1,815	1,557

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

15. Called up share capital

Allotted, called up and fully paid	£'000
63,794,152 Ordinary shares of 1 penny each at 31 March 2018	638
1,253,351 Ordinary shares of 1 penny each issued during the year	12
65,047,503 Ordinary shares of 1 penny each at 31 March 2019	**650**
7,270,443 Ordinary shares of 1 penny each held in treasury at 31 March 2018	(72)
551,000 Ordinary shares purchased during the year to be held in treasury	(6)
7,821,443 Ordinary shares of 1 penny each held in treasury at 31 March 2019	**(78)**
57,226,060 Ordinary shares of 1 penny each in circulation* at 31 March 2019	**572**

* Carrying one vote each

The Company purchased 551,000 shares (2018: 841,000) to be held in treasury at a nominal value of £5,510 and a cost of £585,000 (2018: £800,000) representing 0.8 per cent. of the shares in issue as at 31 March 2019, leading to a balance of 7,821,443 shares (2018: 7,270,443) in treasury representing 12.0 per cent. (2018: 11.4 per cent.) of the shares in issue as at 31 March 2019.

Under the terms of the Dividend Reinvestment Scheme Circular (dated 26 November 2009), the following new 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 invested (£'000)	Opening market price on allotment date (pence per share)
31 August 2018	244,513	2	110.24	268	108.00
28 February 2019	226,503	2	115.94	261	110.00
	471,016			**529**	

During the year the following new Ordinary shares of nominal value 1 penny each were allotted under the terms of the Albion VCTs Prospectus Top Up Offers 2017/18:

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 2018	575,386	6	104.00	584	95.50
11 April 2018	77,861	1	103.00	79	94.00
11 April 2018	5,603	–	103.50	5	94.00
11 April 2018	123,485	1	104.00	125	94.00
	782,335	**8**		**793**	

16. Basic and diluted net asset value per share

	31 March 2019 (pence per share)	31 March 2018 (pence per share)
Basic and diluted net asset value per Ordinary share	**117.76**	109.46

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 (adjusted for treasury shares) of 57,226,060 Ordinary shares (2018: 56,523,709) at 31 March 2019.

17. 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 12 of the Strategic report.

The Company's financial instruments comprise equity and loan stock investments in unquoted and quoted companies, cash balances, short term receivables and payables 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 payables. 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 19 and 20. Investment risk is the exposure of the Company to the revaluation and devaluation of investments. The main driver of investment risk is the operational and financial performance of the 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 and quoted investments.

The maximum investment risk as at the balance sheet date is the value of the fixed and current asset investment portfolio which is £62,788,000 (2018: £53,563,000). Fixed and current asset investments form 93 per cent. of the net asset value as at 31 March 2019 (2018: 87 per cent.).

More details regarding the classification of fixed asset investments is shown in note 11.

17. 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. The management of risk within the venture capital portfolio is addressed through careful investment selection, by diversification across different industry segments, by maintaining a wide spread of holdings in terms of financing stage and by limitation of the size of individual holdings. The Directors monitor the Manager's compliance with the investment policy, review and agree policies for managing this risk and monitor the overall level of risk on the investment portfolio on a regular basis.

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 IPEV Guidelines. Details of the industries in which investments have been made are contained in the pie chart on page 8 of the Strategic report.

As required under FRS 102 section 34.29, 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 £6,279,000 (2018: £5,356,000).

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 was 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 £117,000 (2018: £65,000). Furthermore, it was 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 unquoted loan stock during the year was approximately 5.7 per cent. (2018: 4.3 per cent.). The weighted average period to expected maturity for the unquoted loan stock is approximately 4.5 years (2018: 4.8 years).

The Company's financial assets and liabilities, all denominated in pounds sterling, consist of the following:

	31 March 2019				31 March 2018			
	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	**–**	**–**	**42,802**	**42,802**	–	–	34,581	34,581
Quoted equity	**–**	**–**	**289**	**289**	–	–	237	237
Unquoted loan stock	**15,155**	**–**	**900**	**16,055**	16,482	–	1,136	17,618
Current asset investments	**–**	**–**	**3,642**	**3,642**	–	–	1,127	1,127
Receivables*	**–**	**–**	**1,967**	**1,967**	–	–	99	99
Current liabilities	**–**	**–**	**(1,815)**	**(1,815)**	–	–	(1,557)	(1,557)
Cash	**–**	**4,441**	**–**	**4,441**	–	9,760	–	9,760
	15,155	**4,441**	**47,785**	**67,381**	16,482	9,760	35,623	61,865

*The receivables do not reconcile to the Balance sheet as prepayments are not included in the above table.

17. 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 receivables, 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. For loan stock investments made prior to 6 April 2018, which account for 97.1 per cent. of loan stock by value, typically loan stock instruments have a fixed or floating charge, which may or may not have been subordinated, 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 receivables) 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 2019 was limited to £16,055,000 (2018: £17,618,000) of unquoted loan stock instruments, £4,441,000 (2018: £9,760,000) of cash deposits with banks and £1,967,000 (2018: £99,000) of other receivables.

At the balance sheet date, the cash held by the Company was held with 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 was 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 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.

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 of the latest published audited Balance sheet, which amounts to £6,547,000 (2018: £6,015,000) as at 31 March 2019.

The Company has no committed borrowing facilities as at 31 March 2019 (2018: nil) and had cash balances of £4,441,000 (2018: £9,760,000), and current asset investments of £3,642,000 (2018: £1,127,000), 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 £1,815,000 as at 31 March 2019 (2018: £1,557,000).

17. Capital and financial instruments risk management (continued)

The carrying value of loan stock investments as analysed by expected maturity dates is as follows:

	31 March 2019				31 March 2018			
Redemption date	Fully performing £'000	Past due £'000	Valued below cost £'000	Total £'000	Fully performing £'000	Past due £'000	Valued below cost £'000	Total £'000
Less than one year	4,634	1,669	908	7,211	4,256	1,326	515	6,097
1-2 years	981	104	–	1,085	1,289	600	–	1,889
2-3 years	427	–	133	560	1,156	124	15	1,295
3-5 years	2,660	–	257	2,917	3,992	–	–	3,992
Greater than 5 years	4,282	–	–	4,282	4,345	–	–	4,345
Total	12,984	1,773	1,298	16,055	15,038	2,050	530	17,618

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

The cost of loan stock investments valued below cost is £1,530,000 (2018: £590,000).

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 2019, are stated at fair value as determined by the Directors, with the exception of receivables, payables and cash, which are carried at amortised cost, in accordance with FRS 102. There are no financial liabilities other than payables. 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.

18. Commitments and contingencies

As at 31 March 2019, the Company had no financial commitments (2018: nil).

There are no contingent liabilities or guarantees given by the Company as at 31 March 2019 (2018: nil).

19. Post balance sheet events

The following are the post balance sheet events since 31 March 2019:

- Disposal of Earnside Energy Limited for £1.9 million
- Investment of £606,000 in Proveca Limited
- Investment of £600,000 in SVS Albion OLIM UK Equity Income Fund
- Investment of £320,000 in Limitless Technology Limited
- Investment of £130,000 in OmPrompt Holdings Limited
- Investment of £121,000 in Imandra Inc
- Investment of £92,000 in Oxsensis Limited
- Investment of £83,000 in Aridhia Informatics Limited
- Investment of £47,000 in Symetrica Limited

19. Post balance sheet events (continued)

The following new Ordinary shares of nominal value 1 penny each were allotted under the Albion VCTs Prospectus Top Up Offers 2018/19 after 31 March 2019:

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)
1 April 2019	1,028,359	10	117.80	1,193	110.00
1 April 2019	218,561	2	118.40	254	110.00
1 April 2019	4,839,369	48	119.00	5,615	110.00
5 April 2019	214,463	2	119.00	249	110.00
12 April 2019	143,535	1	117.80	166	110.00
12 April 2019	2,702	–	118.40	3	110.00
12 April 2019	281,572	3	119.00	327	110.00
	6,728,561	67		7,807	

20. Related party transactions

During the year, a total of £2,600,000 (2018: £1,200,000) was invested into the SVS Albion OLIM UK Equity Income Fund ("OUEIF") a fund managed by OLIM Limited, which is part of the Albion Group, with a further £600,000 invested after the year end.

Albion agreed to reduce that proportion of its management fee relating to the investment in the OUEIF by 0.75 per cent., which represents the OUEIF management fee charged by OLIM; this resulted in a reduction of the management fee of £18,000 (2018: £2,000).

Other than transactions with the Manager as disclosed in note 5 and that disclosed above, there are no other related party transactions 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 Charterhouse, Charterhouse Square, London EC1M 6AN on 30 July 2019 at noon for the following purposes:

To consider and, if thought fit, to pass the following resolutions, of which numbers 1 to 9 will be proposed as ordinary resolutions and numbers 10 and 11 as special resolutions.

Ordinary Business

1. To receive and adopt the Company's accounts for the year ended 31 March 2019 together with the reports of the Directors and Auditor.
2. To approve the Directors' remuneration report for the year ended 31 March 2019.
3. To re-elect Maxwell Packe as a Director of the Company.
4. To re-elect Lady Balfour of Burleigh as a Director of the Company.
5. To re-elect Lord St John of Bletso as a Director of the Company.
6. To re-elect Patrick Reeve as a Director of the Company.
7. To re-appoint BDO LLP as Auditor of the Company to hold office from the conclusion of the meeting to the conclusion of the next meeting at which the accounts are to be laid.
8. To authorise the Directors to agree the Auditor's remuneration.

Special Business

9. **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 in the capital of the Company ("Ordinary shares") up to an aggregate nominal amount of £143,552 (which comprises approximately 20 per cent. of the Company's issued Ordinary shares as at the date of this Notice) provided that this authority shall expire 15 months from the date that this resolution is passed, or, if earlier, at 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.

10. **Authority for the disapplication of pre-emption rights**

    That, subject to the authority and conditional on the passing of resolution number 9, 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 9 and/or sell Ordinary shares held by the Company as treasury shares for cash as if section 561(1) of the Act did not apply to any such allotment or sale.

    Under this power the Directors may impose any limits or restrictions and make any arrangements which they deem necessary or expedient to deal with any treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or laws of, any territory or other matter, arising under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory or any other matter.

    This power shall expire 15 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.

11. **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, on such terms as the Directors think fit, provided always that:

    (a) the maximum aggregate number of Ordinary shares hereby authorised to be purchased is 10,759,231 or, if lower, such number of Ordinary shares as shall equal 14.99 per cent. of the issued Ordinary share capital of the Company at the date of the pasing of this resolution;

    (b) the minimum price which may be paid for an Ordinary share shall be 1 penny (exclusive of expenses);

(c) the maximum price (exclusive of expenses) which may be paid for an Ordinary 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 Ordinary 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 an Ordinary 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 15 months from the date that this resolution is passed or, if earlier, at the conclusion of the next Annual General Meeting of the Company, 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.

By Order of the Board

Albion Capital Group LLP
Company Secretary
Registered office
1 Benjamin Street
London, EC1M 5QG
21 June 2019

Albion Enterprise VCT PLC is registered in England and Wales with number 05990732

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/eproxy 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 noon on 26 July 2019.

   In accordance with good governance practice, the Company is offering shareholders use of an online service, offered by the Company's registrar, Computershare Investor Services, at www.investorcentre.co.uk/eproxy. Shareholders can use this service to vote or appoint a proxy online. The same voting deadline of noon on 26 July 2019 applies as if you were using your Personalised Voting Form to vote or appoint a proxy by post to vote for you. Shareholders who hold their shares electronically may submit their votes through CREST, by submitting the appropriate and authenticated CREST message so as to be received by the Company's registrar not later than 48 hours before the start of the meeting. Instructions on how to vote through CREST can be found by accessing the following website: www.euroclear.com/CREST. Shareholders should not show this information to anyone unless they wish to give proxy instructions on their behalf.

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

   The statement of rights of members in relation to the appointment of proxies in note 1 above does not apply to Nominated Persons. The rights described in that note can only be exercised by members of the Company.

3. To be entitled to attend and vote at the AGM (and for the purpose of the determination by the Company of the votes they may cast), members must be registered in the register of members of the Company at noon on 26 July 2019 (or, in the event of any adjournment, on the date which is two working 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 noon on 26 July 2019. 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 or her 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.capital/funds/AAEV under the "Financial Reports and Circulars" section.

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, together with the Register of Directors' Interests in the Ordinary shares of 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 20 June 2019 being the latest practicable date prior to the publication of this Notice, the Company's issued share capital consists of 71,776,064 Ordinary shares of 1 penny each. The Company also holds 7,821,443 Ordinary shares in treasury. Therefore, the total voting rights in the Company as at 20 June 2019 are 63,954,621.

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