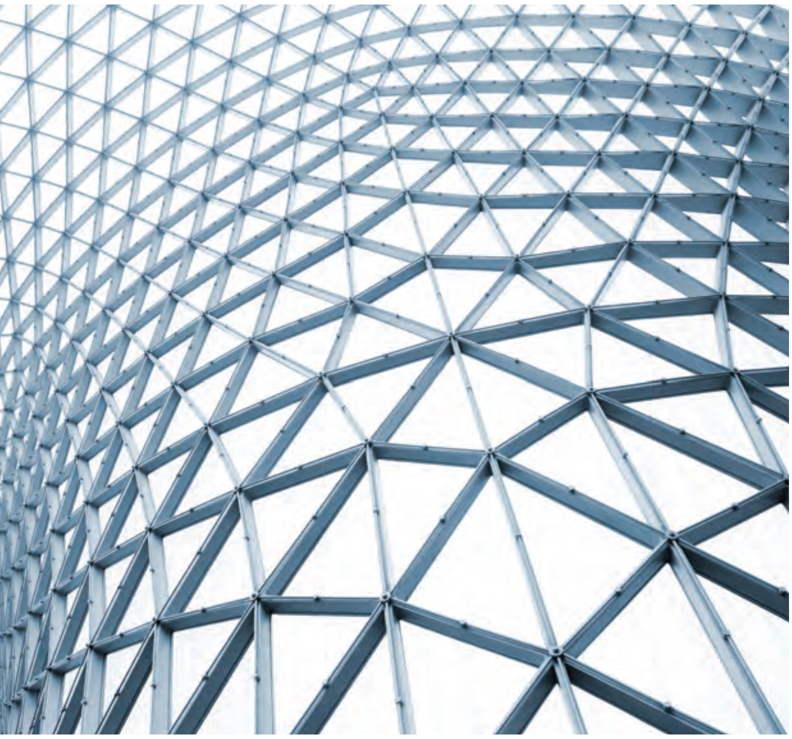
Albion Enterprise VCT PLC



Annual Report and Financial Statements for the year ended 31 March 2022

Albion Enterprise VCT PLC 2022

2022

Albion Capital

Contents

Page

2 Company information

3 Investment policy

3 Financial calendar

4 Financial highlights

6 Chairman's statement

9 Strategic report

19 Environmental, Social and Governance ("ESG") report

22 The Board of Directors

23 The Manager

25 Portfolio of investments

27 Portfolio companies

33 Directors' report

38 Statement of Directors' responsibilities

39 Statement of corporate governance

45 Directors' remuneration report

48 Independent Auditor's report

54 Income statement

55 Balance sheet

56 Statement of changes in equity

57 Statement of cash flows

58 Notes to the Financial Statements

72 Notice of Annual General Meeting

Company information

Company name
Albion Enterprise VCT PLC (the "Company")

Company number
05990732

Directors
M Packe (Chairman)
The Dowager Lady Balfour of Burleigh
(resigned 12 August 2021)
C Burrows
P Latham (appointed 1 September 2021)
P H Reeve
R Whitlock

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 5QL

Registrar
Computershare Investor Services PLC
The Pavilions
Bridgewater Road
Bristol, BS99 6ZZ

Auditor
BDO LLP
55 Baker Street
London, W1U 7EU

Corporate broker
Panmure Gordon (UK) Limited
One New Change
London, EC4M 9AF

Taxation adviser
Philip Hare & Associates LLP
Hamilton House
6 Snow Hill
London, EC1A 2AY

Legal adviser
Bird & Bird LLP
12 New Fetter Lane
London, EC4A 1JP

Depositary
Ocorian Depositary (UK) Limited
Level 5, 20 Fenchurch Street
London, EC3M 3BY

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 are 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.

Shareholders can also contact the Chairman directly on: AAEVchair@albion.capital

Financial adviser information
For enquiries relating to the performance of the Company and information for financial advisers please contact the Business Development team at Albion Capital Group LLP:

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

Record date for first interim dividend	5 August 2022
Payment date for first interim dividend	31 August 2022
Annual General Meeting	Noon on 30 August 2022
Announcement of Half-yearly results for the six months ending 30 September 2022	December 2022

Financial highlights

23.77p Increase in total shareholder value (pence per share) for the year ended 31 March 2022†

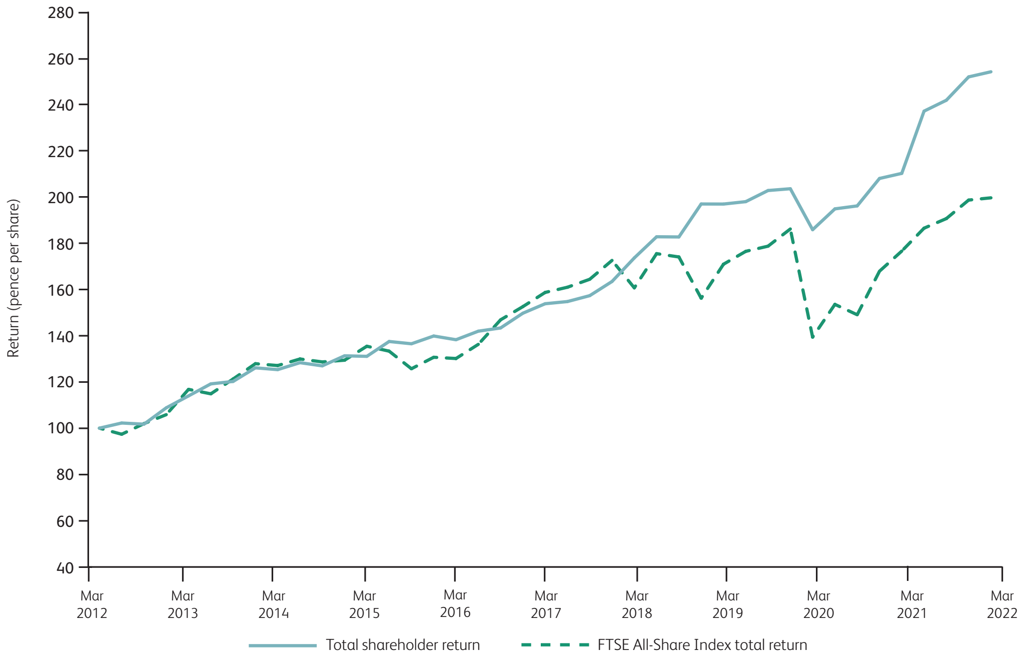
20.74% Shareholder return for the year ended 31 March 2022†

6.09p Tax-free dividend per share for the year ended 31 March 2022

132.28p Net asset value per share on 31 March 2022

194.66p Total shareholder value to 31 March 2022†

Total shareholder value relative to FTSE All-Share Index total return (in both cases with dividends reinvested)



Methodology: The total shareholder value, including original amount invested from 1 April 2012 (rebased to 100), 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.

†These are considered Alternative Performance Measures, see notes 2 and 3 on page 11 of the Strategic report for further explanation.

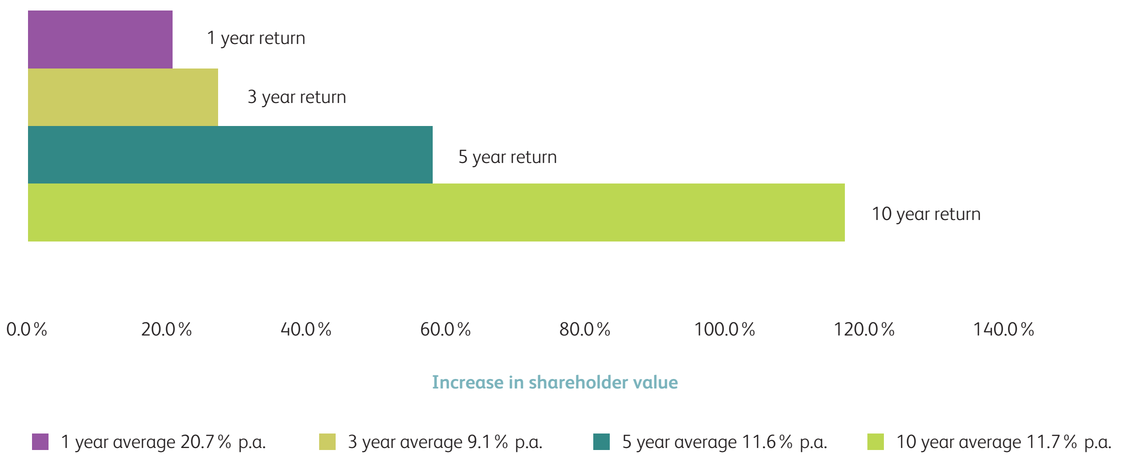
Financial highlights continued

		31 March 2022 (pence per share)		31 March 2021 (pence per share)
Opening net asset value		114.60		106.54
Capital return	*23.78*		*13.96*	
Revenue return/(loss)	*0.19*		*(0.51)*	
Total return		23.97		13.45
Dividends paid		(6.09)		(5.44)
Impact from share capital movements		(0.20)		0.05
Net asset value		132.28		114.60

	pence per share
Total dividends paid per share to 31 March 2022	62.38
Net asset value per share on 31 March 2022	132.28
Total shareholder value per share to 31 March 2022	194.66

A more detailed breakdown of the dividends paid per year can be found at www.albion.capital/funds/AAEV under the 'Dividend History' section.

In addition to the dividends summarised above, the Board has declared a first dividend for the year ending 31 March 2023, of 3.31 pence per Ordinary share to be paid on 31 August 2022 to shareholders on the register on 5 August 2022.



Albion Enterprise VCT PLC – performance data

The graph above shows the one year, three year, five year and ten year total return to shareholders. This return comprises of dividends paid and the change in net asset value over the relevant periods.

Chairman's statement

Maxwell Packe
Chairman

Introduction

The Company has achieved an increase in total shareholder value of 23.77 pence per share for the year (20.7% on opening net asset value), after a strong year for several of our portfolio companies. The Company continues to benefit from the resilience of its portfolio, particularly its healthcare and software businesses, many of which have achieved excellent growth despite the worsening economic outlook resulting from the effects of the Covid-19 pandemic, the Russian invasion of Ukraine and high inflation. It is not clear how long the economy will be impacted, however I am encouraged that we continue to see attractive investment opportunities in the health technology and enterprise software sectors where the Manager has developed deep expertise.

Results and dividends

On 31 March 2022 the net asset value was 132.28 pence per share compared to 114.60 pence per share on 31 March 2021. The total return before taxation was £18.1 million compared to a return of £9.2 million for the previous year. The positive progress of a number of our portfolio companies is discussed later in this statement and in the Strategic report on page 9. These excellent results for the year have resulted in a performance incentive fee payable to the Manager of £1.9 million (2021: £0.3 million).

In line with our variable dividend policy targeting around 5% of NAV per annum the Company paid dividends totalling 6.09 pence per share during the year ended 31 March 2022 (2021: 5.44 pence per share). The Company will pay a first dividend for the financial year ending 31 March 2023 of 3.31 pence per share on 31 August 2022 to shareholders on the register on 5 August 2022, being 2.5% of the latest reported NAV.

Investment performance and progress

The Company has received disposal proceeds of £10.2 million (2021: £5.3 million). Five portfolio companies were sold in the year:

- Phrasee generated proceeds of £2.7 million and a return of 3.2 times cost;
- MyMeds&Me generated proceeds of £2.4 million and a return of 3.4 times cost;
- Credit Kudos generated proceeds of £2.3 million and a return of 5.2 times cost;
- MPP Global Solutions generated proceeds of £1.3 million and a return of 1.3 times cost; and
- Innovation Broking Group generated proceeds of £0.9 million and a return of 10.3 times cost.

Further details of other realisations during the year can be found in the table on page 26.

There were net valuation gains on investments of £21.6 million in the year, an increase from £10.2 million in the previous year. The key contributors were the uplifts on Quantexa (£7.7 million) and Oviva (£2.5 million), both of which have been revalued after further externally led funding rounds and Egress Software Technologies (£2.4 million) and Proveca (£0.6 million), both of which continue to grow. However, our investments in Mirada Medical, Concirrus and Avora were written down following difficult trading conditions, in part because of the Covid-19 pandemic. We have also written-off our investment in Xperiome which went into administration.

The Company has been an active investor during the year with £9.0 million invested in new and existing companies. The Company has invested £2.8 million in six new portfolio companies, all of which are targeted to require further investment as the companies prove themselves and grow:

- £0.8 million into NuvoAir Holdings, a provider of digital therapeutics and decentralised clinical trials for respiratory conditions;
- £0.8 million into Gravitee Topco (trading as Gravitee.io), an application programming interface (API) management platform;
- £0.5 million into Perchpeek, a digital relocation platform;
- £0.3 million into Brytlyt, which uses patented software and artificial intelligence (AI), combined with the superior computation power of graphics processing units (GPUs), to derive insights thousands of times faster than legacy systems;

- £0.3 million into Accelex Technology, a data extraction and analytics technology for private capital markets; and
- £0.1 million into Regulatory Genome Development, a provider of machine readable structured regulatory content.

A further £6.2 million was invested into 16 existing portfolio companies, of which the largest were: £1.4 million into Oviva; £0.7 million into TransFICC; and £0.5 million each into Seldon Technologies, uMotif and Black Swan Data.

A review of business and future prospects is included in the Strategic report on page 10.

A full list of the Company's investments and disposals, including their movements in value for the year, can be found in the Portfolio of investments section on pages 25 to 26.

Risks and uncertainties

In addition to the risks around Covid-19, which have been a major factor for the past 2 years, the UK is experiencing its highest level of inflation in decades, as well as the uncertainty over the future course and global impact of Russia's invasion of Ukraine. Our investment portfolio, while concentrated mainly in the technology and healthcare sectors, remains diversified in terms of both sub-sector and stage of maturity and, importantly, we believe to be appropriately valued. While we would expect these valuations to be robust within the tolerance of normal market fluctuations, the potential but unknown, scale of any further adverse events arising out of the Ukraine invasion remain a major risk factor.

A detailed analysis of the other risks and uncertainties facing the business is shown in the Strategic report on pages 16 to 18.

Sunset Clause

In 2015 a VCT "sunset clause" was introduced as a requirement of an EU state aid notification. This provides that income tax relief will no longer be given to subscriptions made on or after 6 April 2025, unless the legislation is amended to make the scheme permanent or the "sunset clause" is extended. Our Manager, Albion Capital, is working, alongside the VCT industry, to demonstrate to Government the importance of VCTs as a source of early stage capital to support entrepreneurs creating innovative growth businesses employing thousands of people throughout the UK. Given its importance, the Board expects that the VCT scheme will continue to attract Government support.

Board composition

On 1 September 2021, Pippa Latham joined the Board. Pippa brings extensive experience across the financial sector as well as Board membership of a variety of successful technology and other commercial organisations. She is a Cambridge graduate, holds an MBA from INSEAD and is both a qualified accountant and a member of the Institute of Chartered Secretaries and Administrators. The Board believes that Pippa will add considerable value during her tenure.

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. This includes the maintenance of sufficient cash resources for investment in new and existing portfolio companies and the continued payment of dividends to shareholders.

It is the Board's intention that such buy-backs should be at around a 5% discount to net asset value, in so far as market conditions and liquidity permit. The Board continues to review the use of buy-backs and is satisfied that it is an important means of providing market liquidity for shareholders.

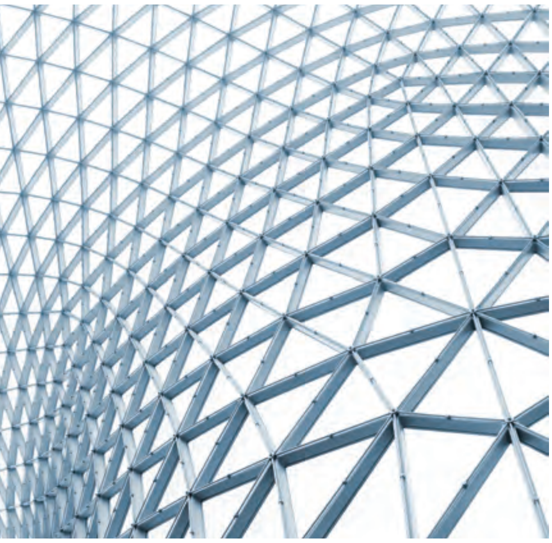
Cancellation of share premium and capital redemption reserve

The Company obtained authority to cancel the amount standing to the credit of its share premium and capital redemption

> "The Company has achieved an increase in total shareholder value of 23.77 pence per share for the year (20.7% on opening net asset value)"

> "The Company has received disposal proceeds of £10.2 million ... Five portfolio companies were sold in the year"

There were net valuation gains on investments of £21.6 million in the year, an increase from £10.2 million in the previous year



The Company has been an active investor during the year with £9.0 million invested in new and existing companies

reserves at the General Meeting on 21 February 2022. The purpose of the proposal was to increase the distributable reserves available to the Company for the payment of dividends, the buy-back of shares, and for other corporate purposes.

The proposal received the consent of the Court on 22 March 2022, and the changes have been registered at Companies House on 31 March 2022. Over time, this will create additional distributable reserves of £66.2 million.

Albion VCTs Prospectus Top Up Offers

Your Board, in conjunction with the boards of the other five VCTs managed by Albion Capital Group LLP, launched a prospectus top up offer of new Ordinary shares on 6 January 2022. The Board announced on 22 March 2022 that, following strong demand, it would utilise part of its over-allotment facility, bringing the total to be raised to £21.5 million. The Offer was fully subscribed and closed to further applications on 24 March 2022.

The proceeds are being used to provide support to our existing portfolio companies and to enable us to take advantage of new investment opportunities. Details of share allotments made during and after the financial year end can be found in notes 15 and 19 respectively.

Annual General Meeting ("AGM")

Based on the success of last year's live webcast AGM, the Board has decided to adopt a virtual format for the AGM again this year. The AGM will be held at noon on 30 August 2022 via the Lumi platform. Information on how to participate in the live webcast can be found on the Manager's website www.albion.capital/vct-hub/agms-events.

The Board welcome questions from shareholders at the AGM and shareholders will be able to ask questions using the Lumi platform during the AGM. Alternatively, shareholders can email their questions to AAEVchair@albion.capital prior to the AGM.

Shareholders' views are important, and the Board encourages shareholders to vote on the resolutions.

Further details on the format and business to be conducted at the AGM can be found in the Directors' report on pages 36 and 37 and in the Notice of the Meeting on pages 72 to 75.

Outlook and prospect

These positive results demonstrate the resilience of our portfolio of companies which are at different stages of maturity and targeted at sectors such as software and healthcare. These are companies which provide products and services that are considered innovative and essential to their customers. I am confident that our portfolio companies are well positioned to grow, despite the considerable uncertainty around the longer-term impact of the pandemic, high levels of inflation, and an increasingly volatile geopolitical backdrop. The Board believes the Company is well placed to continue to deliver long term value to our shareholders, though remains mindful of the considerably uncertain economic outlook.

Maxwell Packe
Chairman
30 June 2022

Strategic report

Investment policy

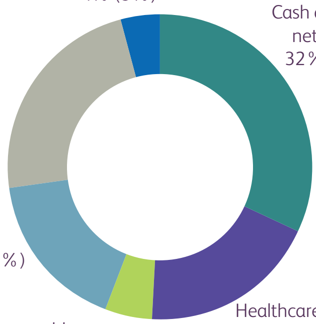
The Company will invest in a broad portfolio of higher growth businesses across a variety of sectors of the UK economy including higher risk technology companies. Allocation of assets will be determined by the investment opportunities which become available but efforts will be made to ensure that the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

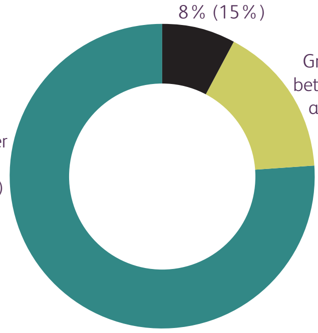
The following pie charts show the split of the portfolio valuation on 31 March 2022 by: sector; stage of investment; and number of employees. This is a useful way of assessing how the Company and its portfolio is diversified across sector, portfolio companies' maturity measured by revenues and their size measured by the number of people employed. As the Company continues to invest in software and other technology companies, FinTech (which is technology specifically applicable to financial services companies) is included as a subsector below due to its prominence. Details of the principal investments made by the Company are shown in the Portfolio of investments on pages 25 and 26.

Split of investment portfolio by sector



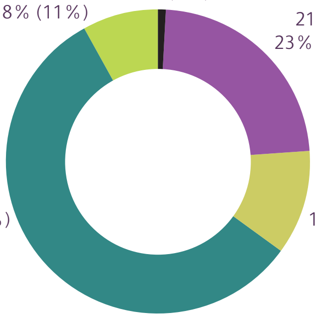
Comparatives for 31 March 2021 are shown in brackets.

Portfolio analysis by stage of investment



Comparatives for 31 March 2021 are shown in brackets.

Portfolio analysis by number of employees



*Renewable energy investments have no employees
Comparatives for 31 March 2021 are shown in brackets.

Direction of portfolio

The portfolio remains well-balanced across the different sectors of FinTech, Healthcare and other Software & Technology. The renewable energy investments whilst maintaining their value during the year, are reducing as a percentage of the portfolio as the net asset value of the Company has been increasing over recent years. Cash and other net assets is relatively high at 32%, but this is a result of the recent fundraise, as well as the disposal of three of our portfolio companies in March 2022. These funds will continue to be invested predominantly into higher growth technology companies and the Manager has outlined to the Board a pipeline of new and follow-on investments where it aims to deploy cash over the next 12 months. The Company has a significant speciality in FinTech investing, which can be seen as a growing part of the portfolio, represented by a 3% increase this year.

Results and dividend policy

	£'000
Net capital return for the year ended 31 March 2022	17,940
Net revenue return for the year ended 31 March 2022	141
Total return for the year ended 31 March 2022	**18,081**
Dividend of 2.87 pence per share paid on 31 August 2021	(2,139)
Dividend of 3.22 pence per share paid on 28 February 2022	(2,391)
Reclaimed dividends	2
Transferred to reserves	**13,553**
Net assets on 31 March 2022	118,415
Net asset value on 31 March 2022 (pence per share)	**132.28**

The Company paid dividends totalling 6.09 pence per share during the year ended 31 March 2022 (2021: 5.44 pence per share). The Board has declared a first dividend for the year ending 31 March 2023, of 3.31 pence per Ordinary share to be paid on 31 August 2022 to shareholders on the register on 5 August 2022.

As shown in the Company's Income statement on page 54, the total return for the year was 23.97 pence per share (2021: 13.45 pence per share). Investment income increased to £886,000 (2021: £543,000), This is a result of Radnor House repaying the previously capitalised interest and the Evewell Group Limited paying interest. Consequently, there is a net revenue gain to shareholders of £141,000 (2021: loss of £349,000). In addition, the total return has benefitted from the increased percentage of investment management fees and performance incentive fees allocated to the realised capital reserve, to better align with the Board's expectation that over the long term the majority of the Company's investment returns will be in the form of capital gains. Further information can be found in the Notes to the Financial Statements on page 58.

The capital return on investments for the year of £21,636,000 (2021: £10,892,000) has been explained in the Chairman's statement on pages 6 to 8. This has led to a significant increase in net asset value to 132.28 pence per share (2021: 114.60 pence per share), which can be seen on the Balance sheet on page 55. This increase in net asset value is after taking account of the payment of 6.09 pence per share of dividends during the year.

There was a net cash inflow for the Company of £5,123,000 for the year (2021: £2,919,000), which has arisen from both the disposal of fixed asset investments and the issue of Ordinary shares under the Albion VCTs Top Up Offers, reduced by the investment in fixed asset investments, dividends paid, operating expenses and the buy back of shares.

Review of business and future changes

A detailed review of the Company's business during the year is contained in the Chairman's statement on pages 6 to 8. Total gains on investments for the year were £21.6 million (2021: £10.9 million).

There is a continuing focus on growing the FinTech, healthcare and other software and technology sectors. The majority of these investment returns are delivered through equity and capital gains, and we expect our investment income to continue to be similar to the current level.

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 financial results for the year demonstrates that the portfolio remains well balanced across sectors and risk classes, and has largely weathered the pandemic so far. Although there remains much uncertainty, the Manager has a strong pipeline of investment opportunities in which the Company's cash can be deployed. The Board considers that the current portfolio and the pipeline of opportunities should enable the Company to maintain a predictable stream of dividend payments to shareholders, as well as delivering long term growth for shareholders.

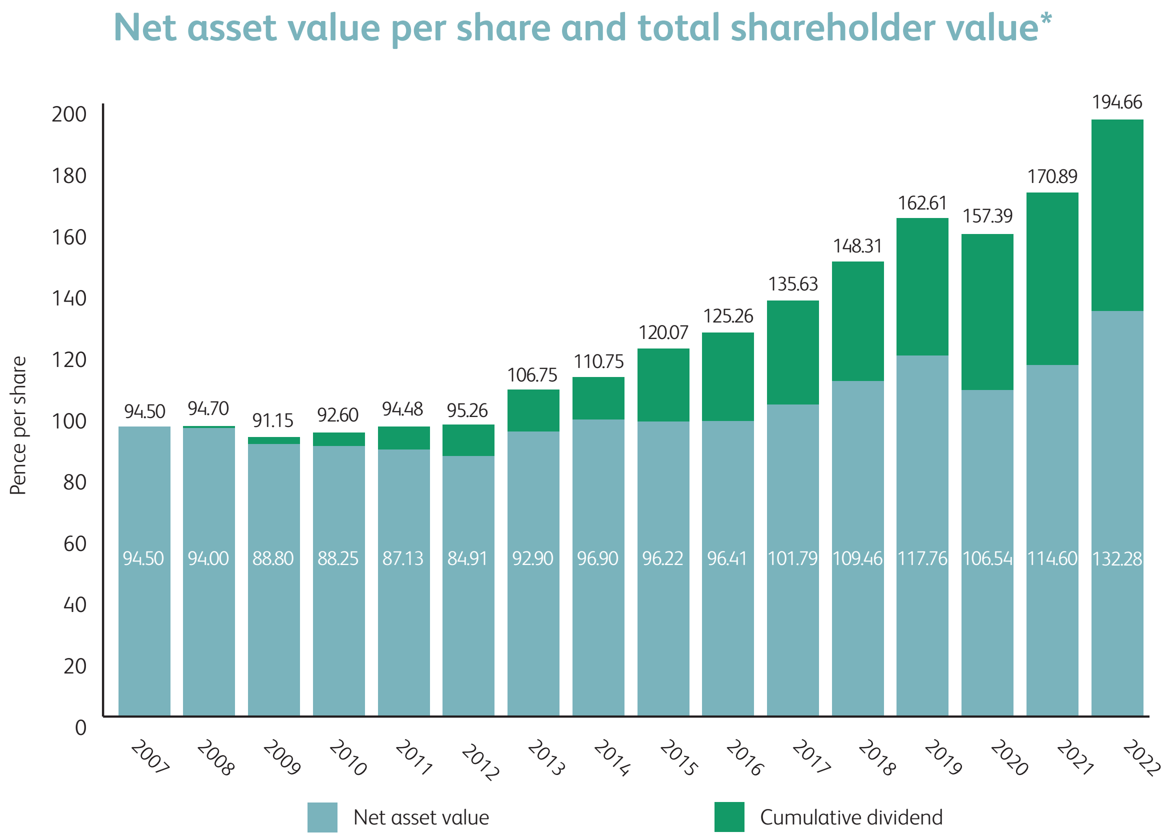
Key performance indicators ("KPIs") and Alternative Performance Measures ("APMs")

The Directors believe that the following KPIs (some of which are APMs), which are typical for Venture Capital Trusts, used in its 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 KPIs and APMs give a good indication that the Company is achieving its investment objective and policy. These are:

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

The graph on page 4 shows the Company's total shareholder value relative to the FTSE All-Share Index total return, with dividends reinvested. The FTSE All-Share index is considered a reasonable benchmark as the Company is classed as a generalist UK VCT investor, and this index includes over 600 companies listed in the UK, including small-cap, covering a range of sectors. Details on the performance of the net asset value and return per share for the year are shown in the Chairman's statement.

2. Net asset value per share and total shareholder value



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

Total shareholder value increased by 23.77 pence per share to 194.66 pence per share for the year ended 31 March 2022 (return of 20.74% on opening net asset value).

3. Shareholder return in the year†

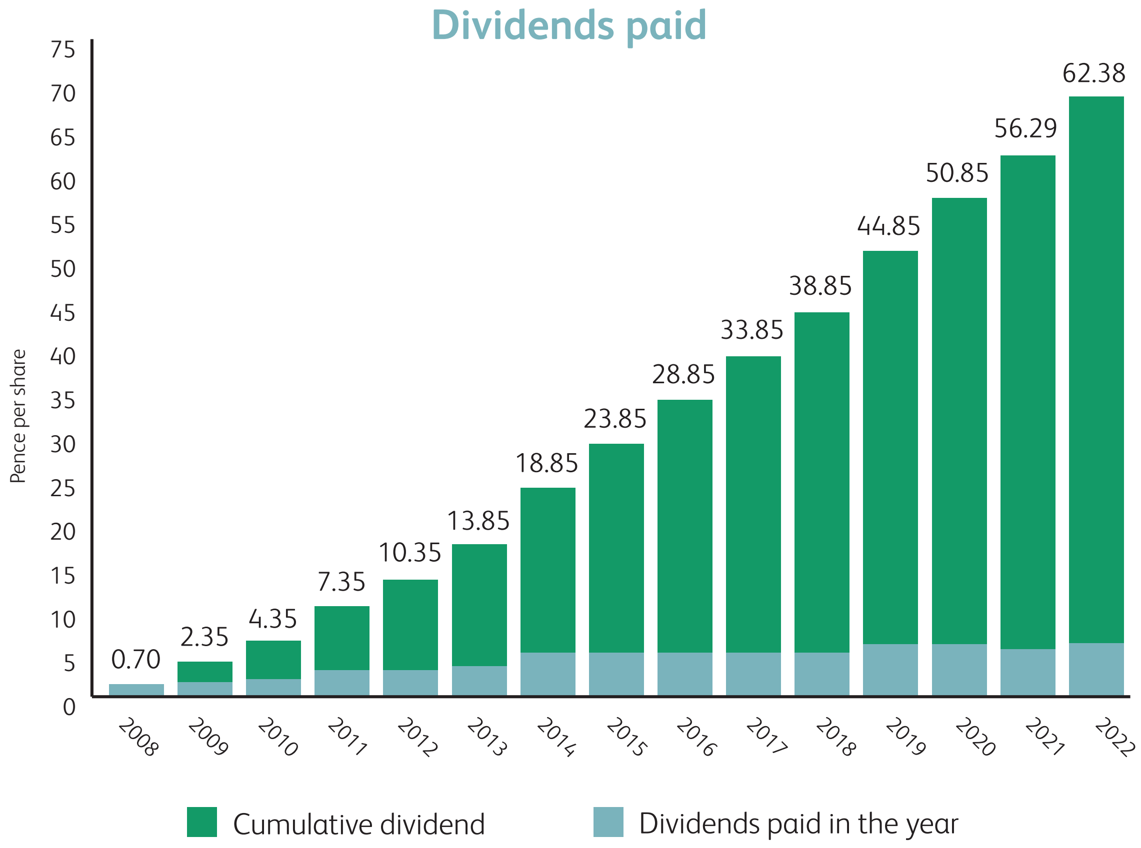
The graph on page 5 shows the Company's total shareholder return over the previous ten years, five years, three years and the past year, and the annual returns for the same period are detailed below.

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
13.5%	9.7%	4.5%	5.4%	10.8%	12.4%	13.1%	(4.4)%	12.7%	20.7%

†Methodology: Shareholder return is calculated by the movement in total shareholder value for the year divided by the opening net asset value.

4. Dividend distributions

Dividends paid in respect of the year ended 31 March 2022 were 6.09 pence per share (2021: 5.44 pence per share), a yield of 5.3% on opening net asset value. The cumulative dividends paid since inception total 62.38 pence per share.



5. Ongoing charges

The ongoing charges ratio for the year ended 31 March 2022 was 2.50% (2021: 2.50%). 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 ongoing charges cap is 2.50%, which has resulted in a saving of £22,000 to shareholders during the year (2021: £53,000).

6. VCT compliance*

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 34.

The relevant tests to measure compliance have been carried out and independently reviewed for the year ended 31 March 2022. These showed that the Company has complied with all tests and continues to do so.

VCT compliance is not a numerical measure of performance and thus cannot be defined as an APM.

Gearing

As defined by the Articles of Association, the Company's maximum exposure in relation to gearing is restricted to 10% 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, the Manager, which is authorised and regulated by the Financial Conduct Authority. The Manager 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% of the net asset value of the Company paid quarterly in arrears, along with an administration fee of 0.2% of the net asset value.

Total annual expenses, including the management fee, are limited to 2.50% of the net asset value.

In some instances, the Manager is entitled to an arrangement fee, payable by a portfolio company in which the Company invests, in the region of 2.0% of the investment made, and also monitoring fees where the Manager has a representative on the portfolio company's board.

Further details on the management fee can be found in note 5.

Management performance incentive fee

In order to align the interests of the Manager and the shareholders with regards to generating positive returns, the Company has 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% of such excess return that is calculated for each financial year.

The performance fee hurdle requires that the growth of the aggregate of the net asset value per share and dividends paid by the Company compared with the previous accounting date exceeds the higher of the average base rate of the Royal Bank of Scotland plus 2% or RPI plus 2%. The hurdle is calculated every year, based on the starting rate of 100 pence per share in 2007.

For the year ended 31 March 2022, the total return of the Company since launch (the performance incentive fee start date) amounted to 194.66 pence per share, compared to the higher hurdle of 181.85 pence per share. As a result, a performance incentive fee of £1,934,000 is payable to the Manager (2021: £288,000).

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 80% qualifying holdings investment requirement for VCT status;
- the long term prospects of the current portfolio of investments;
- the management of treasury, including use of buy-backs and participation in fund raising;
- a review of the Management agreement and the services provided therein; and
- benchmarking the performance of the Manager to other service providers including the performance of other VCTs that the Manager is responsible for managing.

The Board believes that it is in the interests of shareholders as a whole, and of the Company, to continue the appointment of the Manager for the forthcoming year.

Alternative Investment Fund Managers Directive ("AIFMD")

The Board appointed the Manager as the Company's AIFM in 2014 as required by the AIFMD. The Manager is a full-scope Alternative Investment Fund Manager under the AIFMD. Ocorian Depositary (UK) Limited is the appointed Depositary and oversees the custody and cash arrangements and provides other AIFMD duties with respect to the Company.

Companies Act 2006 Section 172 Reporting

Under Section 172 of the Companies Act 2006, the Board has a duty to promote the success of the Company for the benefit of its members as a whole in both the long and short term, having regard to the interests of other stakeholders in the Company, such as suppliers, and to do so with an understanding of the impact on the community and environment and with high standards of business conduct, which includes acting fairly between members of the Company.

The Board is very conscious of these wider responsibilities in the ways it promotes the Company's culture and ensures, as part of its regular oversight, that the integrity of the Company's affairs is foremost in the way the activities are managed and promoted. This includes regular engagement with the wider stakeholders of the Company and being alert to issues that might damage the Company's standing in the way that it operates. The Board works very closely with the Manager in reviewing how stakeholder issues are handled, ensuring good governance and responsibility in managing the Company's affairs, as well as visibility and openness in how the affairs are conducted.

The Company is an externally managed investment company with no employees, and as such has nothing to report in relation to employee engagement but does keep close attention to how the Board operates as a cohesive and competent unit. The Company also has no customers in the traditional sense and, therefore, there is also nothing to report in relation to relationships with customers.

The table below sets out the stakeholders the Board considers most relevant, details how the Board has engaged with these key stakeholders and the effect of these considerations on the Company's decisions and strategies during the year.

Stakeholders	Engagement with Stakeholders	Decision outcomes based on engagement
Shareholders	The key methods of engaging with Shareholders are as follows: • Annual General Meeting ("AGM") • Shareholder seminar • Annual report and Financial Statements, Half-yearly financial report, and Interim management statements • RNS announcements for all key decisions including appointment of a new Director, and the publication of a Prospectus • Website redesigned in the year to make it more user accessible	• Shareholders' views are important and the Board encourages Shareholders to exercise their right to vote on the resolutions at the AGM. The Company's AGM is typically used as an opportunity to communicate with investors, including through a presentation made by the investment management team. In light of the Covid-19 pandemic, the Board took the decision to update the Company's articles of Association to allow for virtual/hybrid events in order for the 2021 AGM to be live streamed for Shareholders. The Board was able to take questions from Shareholders at the AGM enabling maximum shareholder engagement in the absence of a face-to-face event. Following last year's success and the overwhelming positive feedback from shareholders, the Board has decided that this year's AGM will again be held as a virtual event to facilitate shareholder participation. • Shareholders are also encouraged to attend the annual Shareholders' Seminar. Last year's event took place on 12 November 2021. The seminar included Quantexa and Healios sharing insights into their businesses and also presentations from Albion executives on some of the key factors affecting the investment outlook, as well as a review of the past year and the plans for the year ahead. Representatives of the Board attend the seminar. The Board considers this an important interactive event, and invites shareholders to attend this year's event scheduled for 23 November 2022 at the Royal College of Surgeons. To reserve a place, email info@albion.capital. • The Board recognises the importance to Shareholders of maintaining a share buy-back policy, in order to provide market liquidity, and considered this when establishing the current policy. The Board closely monitors the discount to the net asset value to ensure this is in the region of 5%. • The Board seeks to create value for Shareholders by generating strong and sustainable returns to provide shareholders with regular dividends and the prospect of capital growth. The Board takes this into consideration when making the decision to pay dividends to Shareholders. The variable dividend policy has been enacted, and has resulted in a dividend yield of 5.3% on opening net asset value. • During the year, the decision to publish a Prospectus was taken, in order to raise more funds for deployment into new and existing portfolio companies. The Board carefully considered whether further funds were required, whether the VCT tests would continue to be met, and whether it would be in the interest of Shareholders, before agreeing to publish the Prospectus. On allotment, an issue price formula based on the prevailing net asset value was used to ensure there was no dilution to existing Shareholders. • Cash management and liquidity of the Company are key quarterly discussions amongst the Board, with focus on deployment of cash for future investments, dividends and share buy-backs. • The Board decided to hold a General Meeting on 21 February 2022 to propose a special resolution to increase the Company's distributable reserves by way of a reduction of share premium account and capital redemption reserve. This resolution was approved with 99.3% of Shareholders voting in favour of the resolution.

Stakeholders	Engagement with Stakeholders	Decision outcomes based on engagement
Suppliers	The key suppliers are: • Corporate broker • VCT taxation adviser • Depositary • Registrar • Auditor • Lawyer	• The Manager is in regular contact with the suppliers and the contractual arrangements with all the principal suppliers to the Company are reviewed regularly and formally once a year, alongside the performance of the suppliers in acquitting their responsibilities. • The Board reviews the performance of the providers annually in line with the Manager and was satisfied with their performance.
Manager	The performance of Albion Capital Group LLP is essential to the long term success of the Company, including achieving the investment policy and generating returns to shareholders, as well as the impact the Company has on Environment, Social and Governance practice.	• The Manager meets with the Board at least quarterly to discuss the performance of the Company, and is in regular contact in between these meetings, e.g. to share investment papers for new and follow on investments. All strategic decisions are discussed in detail and minuted, with an open dialogue between the Board and the Manager. • The performance of the Manager in managing the portfolio and in providing company secretarial, administration and accounting services is reviewed in detail each year, which includes reviewing comparator engagement terms and portfolio performance. Further details on the evaluation of the Manager, and the decision to continue the appointment of the Manager for the forthcoming year, can be found in this report. • During the year, the Board has reviewed the current Management Agreement, and a new agreement was signed which updated the agreement for new regulatory requirements, such as GDPR and AIFMD, but did not change any commercial terms with the Manager. • Details of the Manager's responsibilities can be found in the Statement of corporate governance on pages 39 to 44.
Portfolio companies	The portfolio companies are considered key stakeholders, not least because they are principal drivers of value for the Company. However, as discussed in the Environmental, Social and Governance ("ESG") section on page 19, the portfolio companies' impact on their stakeholders is also important to the Company.	• The Board aims to have a diversified portfolio in terms of sector and stage of investment. Further details of this can be found in the pie charts on page 9. • In most cases, an Albion executive has a place on the board of a portfolio company, in order to help with both business operation decisions, as well as good ESG practice. • The Manager ensures good dialogue with portfolio companies, and often puts on events in order to help portfolio companies benefit from the Albion network.
Community and environment	The Company, with no employees, has no effect itself on the community and environment. However, as discussed above, the portfolio companies' ESG impact is extremely important to the Board.	• The Board receives reports on ESG factors within its portfolio from the Manager as it is a signatory of the UN Principles for Responsible Investment ("UN PRI"). Further details of this are set out in the ESG report below. ESG, without its specific definition, has always been at the heart of the responsible investing that the Company engages in and in how the Company conducts itself with all of its stakeholders.

Environmental, Social, and Governance ("ESG") report

The Board and the Company's Manager, Albion Capital Group LLP, take ESG very seriously and more detail can be found on this in the ESG report on pages 19 to 21.

Social and community issues, employees and human rights

The Board recognises the requirement under section 414C of the Act 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 formal policies in these matters, however, it is at the core of its responsible investment strategy as detailed above.

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 page 35.

General Data Protection Regulation

The General Data Protection Regulation has the objective of unifying data privacy requirements across the European Union. GDPR forms part of the UK law after Brexit, now known as UK GDPR. The Manager continues to take action to ensure that the Manager and the Company are compliant with the regulation.

Risk management

The Board carries out a regular review of the risk environment in which the Company operates, together with changes to the environment and individual risks. The Board also identifies emerging risks which might impact on the Company. In the period the most noticeable risks have been the global pandemic and the invasion of Ukraine which have impacted not only public health and mobility but also had an adverse impact on the economy, the full impact of which is likely to be uncertain for some time.

The Board has carried out a robust assessment of the Company's principal risks and uncertainties and seeks to mitigate these risks through regular reviews of performance and monitoring progress and compliance. The Board applies the principles detailed in the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, in the mitigation and management of these risks. More information on specific mitigation measures for the principal risks and uncertainties are explained below:

Risk	Possible consequence	Risk assessment during the year	Risk management
Investment, performance and valuation risk	Investment in smaller unquoted growth businesses carries a higher degree of risk and is more volatile than investing in larger, long-established businesses. This could negatively impact shareholder returns. The Company relies on the judgement and reputation of the Manager to provide strong investment returns and valuations for shareholders. The Company's investment valuation methodology is based on fair value, which for smaller unquoted growth businesses can be difficult to determine due to the lack of observable market data and the limitation of external reference points.	Incremental increase in the period due to the interrelated economic and geopolitical issues referred to in the Chairman's statement.	Although this risk category has increased, it is a central part of the Company's business model to invest in higher growth businesses which, by their very nature have a heightened risk profile. In this regard, the Board places reliance upon the skills and expertise of the Manager and its track record of making successful investments in higher growth technology businesses. The Manager operates a structured investment appraisal and due diligence process. This includes a review from one external investment professional and comments from non-executive Directors of the Company on matters discussed at the Investment Committee meetings. In response to the heightened risk, the Manager undertook additional measures to assess the cash requirements of its portfolio companies to ensure sufficient runway over the next 24 months. Investments are monitored by the Manager through monthly portfolio updates and typically an investment manager sitting on portfolio company boards. The Board receives detailed reports on each investment and their valuation as part of their quarterly board meetings. Review and oversight of the non-executive Directors ensures that the risk to the Company's and Manager's reputation is kept to a minimum. Investments are valued in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which represent current best practice for investment valuation and are reviewed by the Manager's Valuation Committee.
VCT approval and regulatory change risk	Any breach of section 274 of the Income Tax Act 2007, including any legislative changes, could result in the loss of the Company's HMRC qualifying status and tax reliefs for investors.	No change.	The Company's VCT qualifying status is monitored monthly by the Manager and quarterly by the Board. The Board has appointed Philip Hare & Associates LLP as its taxation adviser, who independently confirms compliance, highlights areas of risk and informs on any legislative changes, including those which may arise from the withdrawal from the European Union.

Risk	Possible consequence	Risk assessment during the year	Risk management
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.	No change.	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, and any issues arising from compliance or regulation are reported to its own board on a monthly basis. The Board ensures the Company is compliant as part of its quarterly Board meetings. The Board reviews the quarterly reports prepared by Ocorian Depositary (UK) Limited (the Company's Depositary) to ensure the Manager is adhering to the AIFMD requirements.
Operational and internal control risk (including cyber and data security)	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 put assets of the Company at risk, resulting in inaccurate information being passed to the Board or to shareholders. This could additionally result in losses for the Company and its shareholders.	No change.	The Company operations and IT systems are subject to rigorous internal controls which are reviewed on a regular basis and reported to the Board. The Audit Committee reviews the Internal Audit Reports prepared by the Manager's internal auditors, Azets and has access to their internal audit partner to whom it can ask specific detailed questions in order to satisfy itself that the Manager has strong systems and controls in place including those in relation to risk management, business continuity and cyber security. The Board reviews the systems and processes (including cyber and data security) in place for the Company's key suppliers to ensure that there is an appropriate risk mitigation in place.
Economic and political risk	Events such as the Covid-19 pandemic, the impact of Brexit, an economic recession, fluctuation in inflation and interest rates, or significant political events could adversely affect the companies within the portfolio and consequently the Company's net asset value.	Increased (due to high levels of inflation and the geopolitical risks from the invasion of Ukraine).	The Company invests in a diversified portfolio of c.50 companies, predominantly in the United Kingdom, and has a policy of minimising any external bank borrowings within portfolio companies. Exogenous risks over which the Company has no control are always a risk and the Company does what it can to address these risks. The inherent long-term nature of the portfolio helps to mitigate these exogenous risks. The Board and Manager are continuously assessing the resilience of the portfolio as a result of the ongoing economic and political risks, to ascertain where support is required. The Company has sufficient cash resources to cope with any such exigent and unexpected pressures. Exposure is relatively small to at-risk sectors that include leisure, hospitality, retail and travel (1% of NAV). The Company's investment policy and the Board's scrutiny of the investment portfolio ensures that this increased risk continues to be mitigated where possible.
Liquidity risk	The Company may not have sufficient cash available to meet its financial obligations. The Company's portfolio is primarily in smaller unquoted companies, which are inherently illiquid as there is no readily available market, and thus it may be difficult to realise their fair value at short notice.	No change.	The Board reviews the Company's three year cash flow forecasts on a quarterly basis. These include potential investment realisations (which are closely monitored by the Manager), Top Up Offers, dividend payments and operational expenditure. This ensures that there are sufficient cash resources available for the Company's liabilities as they fall due.

Risk	Possible consequence	Risk assessment during the year	Risk management
Environmental, social and governance ("ESG") risk	An insufficient ESG policy could lead to an increased negative impact on the environment, including the Company's carbon footprint. Non-compliance with reporting requirements could lead to a fall in demand from investors, reputational damage and penalties.	Increased (due to the new guidance issued on climate change reporting and increased importance to stakeholders).	The Manager is a signatory of the UN PRI and the Board is kept appraised of the evolving ESG policies at quarterly Board meetings. Full details of the specific procedures and risk mitigation can be found in the ESG report on pages 19 to 21. These procedures ensure that this increased risk continues to be mitigated where possible.

Viability statement

In accordance with the FRC UK Corporate Governance Code published in 2018 and principle 36 of the AIC Code of Corporate Governance, the Directors have assessed the prospects of the Company over three years to 31 March 2025. 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. This is the period used by the Board as part of its strategic planning process, which includes: the estimated timelines for finding, assessing and completing investments; the potential impact of any new regulations; and the availability of cash.

The Board has carried out a robust assessment of the emerging and principal risks facing the Company, including those that could threaten its business model, future performance, solvency or liquidity and focused on the major factors which affect the economic, regulatory and political environment. The Board carefully assessed, and were satisfied with, the risk management processes in place to avoid or reduce the impact of these risks. The Board has carried out robust stress testing of cashflows which included; assessing the resilience of portfolio companies, including the requirement for any future financial support, and evaluating the impact of high inflation, both within the Company and within its portfolio.

The Board has additionally considered the ability of the Company to comply with the ongoing conditions to ensure it maintains its VCT qualifying status under its current investment policy. As a result of the Board's quarterly valuation reviews, it has concluded that the portfolio is well balanced and geared towards delivering long term growth and strong returns to shareholders.

The Board has 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 2025. The Board is mindful of the ongoing risks and will continue to ensure that appropriate safeguards are in place, in addition to monitoring the quarterly cashflow forecasts to ensure the Company has sufficient liquidity.

This Strategic report of the Company for the year ended 31 March 2022 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
30 June 2022

Environmental, Social and Governance ("ESG") report

The Company's Manager, Albion Capital Group LLP, takes the concept of sustainable and responsible investment seriously for existing investments and in reviewing new investment opportunities. In turn, the Board is kept appraised of ESG issues in connection with both the portfolio and in how Company affairs are conducted more generally as a regular part of Board oversight.

The Manager is a signatory of the United Nations Principles for Responsible Investment ("UN PRI"). The UN PRI is the world's leading proponent of responsible investment, working to understand the investment implications of ESG factors and to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions.

The Board and the Manager recognise that applying the following six Principles for Responsible Investment better aligns investors with broader objectives of society:

Principle 1: to incorporate ESG issues into investment analysis and decision-making processes.

Principle 2: to be active owners and incorporate ESG issues into our ownership policies and practices.

Principle 3: to seek appropriate disclosure on ESG issues by the entities in which we invest.

Principle 4: to promote acceptance and implementation of the Principles within the investment industry.

Principle 5: to work together to enhance our effectiveness in implementing the Principles.

Principle 6: to report on our activities and progress towards implementing the Principles.

The Board and the Manager have exercised conscious principles in making responsible investments throughout the life of the Company, not least in providing finance for promising companies in a variety of important sectors such as technology, healthcare and renewable energy. In making the investments, the Manager is directly involved in the oversight and governance of these investments, including ensuring standards of reporting and visibility on business practices, all of which are reported to the Board of the Company. By its nature, not least in making qualifying investments which fulfil the criteria set by HMRC, the Company has focused on sustainable and longer-term investment propositions, some of which will grow and serve important societal demands. One of the most important drivers of performance is the quality of the investment portfolio, which goes beyond the individual valuations and examines the prospects of each of the portfolio companies, as well as the sectors in which they operate – all requiring a longer-term view.

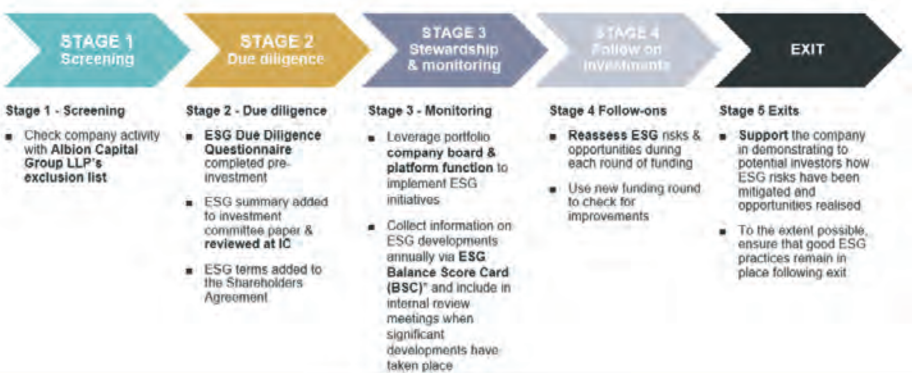
In the nature of venture capital investment, the Manager is more intimately involved in the affairs of portfolio companies than might be the case for funds invested in listed securities. As such, the Manager is in a position to influence good governance and behaviour in the portfolio companies, many of which are relatively small companies without the support of a larger company's administration and advisory infrastructure. The Company adheres to the principles of the AIC Code of Corporate Governance and is also aware of other governance and corporate conduct guidance which it meets as far as practical, including in the constitution of a diversified and independent Board capable of providing constructive challenge.

The Manager incorporates ESG considerations into its investment process. These form part of its process to create value for investors and develop sustainable long-term strategies for portfolio companies. The Manager reports ESG criteria to the UN PRI when required and to the Board quarterly. The Manager is a member of VentureESG steering committee, a global network of fund managers that drives application of ESG principles for early stage technology investors and companies.

ESG principles are integrated at the pre-investment, investment and exit stages. This is reflected in transparency of reporting, governance principles adopted by the Company and the portfolio companies, and increasingly in the positive environmental or socially impactful nature of investments made. The Manager, where relevant, considers climate-specific issues in its investment policies and activities.

Environmental, Social and Governance ("ESG") report continued

The Manager has long held the belief that returns are optimised by investing in sustainable businesses with positive societal and environmental outcomes, which forms an important aspect of the investment process:



* The ESG BSC contains sustainability metrics against which a portfolio company is assessed in order to determine sustainability risks and opportunities, and track progress over time. As the company is a minority investor in early stage technology companies, Albion Capital Group LLP has not set ESG KPIs for its portfolio companies. The Manager's role is to guide portfolio company leadership and share best practice methods across the venture capital industry.

Pre-investment stage

An exclusion list is used to rule out investments in unsustainable areas, or in areas which might be perceived as socially detrimental. ESG due diligence is performed on each potential portfolio company to identify any sustainability risks associated with the investment. Identified sustainability risks are ranked from low to high and are reported to the relevant investment committee. The investment committee considers each potential investment. If sustainability risks are identified, mitigations are assessed and, if necessary, mitigation plans are put in place. If this is not deemed sufficient, the committee would consider the appropriate level and structure of funding to balance the associated risks. If this is not possible, investment committee approval will not be provided, and the investment will not proceed.

The Manager's standard copy of the investment deal documents includes a sustainability clause that reinforces individual portfolio company's commitment to driving principles of ESG as it scales.

Investment stage

An ESG clause is integrated into the shareholders agreement for all new investments. The clause outlines the portfolio company's commitment to combine economic success with ecological and social success.

All new and existing portfolio companies are asked to report against an ESG BSC annually. The ESG BSC contains a number of sustainability factors against which a portfolio company is assessed in order to determine the potential sustainability risks and opportunities arising from the investment. The ESG BSCs form part of the Manager's internal review meetings alongside discussions around other risk factors, and any outstanding issues are addressed in collaboration with the portfolio companies' senior management.

Exit stage

The Manager aims to ensure that good ESG practices remain in place following exit. For example, by ensuring that the portfolio company creates a self-sustaining ESG management system during our period of ownership, wherever feasible.

The Manager's ESG initiatives

The Manager incorporates ESG for its internal operations, a breakdown of its ESG considerations are as follows:

Environmental - The Manager is committed to ensuring that the **environmental impacts of its business operations are positive** and as far as possible, any negative impact is mitigated.

Social - The Manager **aims to conduct its business in a socially responsible manner**, to contribute to the communities in which it operates and to **respect the needs of its employees and all of its stakeholders**.

Governance - The Manager seeks to conduct all of its business activities in **an honest, ethical and socially responsible manner** and these values underpin its business model and strategy.

Overview of the Manager's ESG activity in 2021:

The Board of Directors

This year, particular attention has been given to changes on the Board. The Dowager Lady Balfour of Burleigh retired from the Board on 12 August 2021. She acted as Senior Independent Director. Philippa Latham joined the Board on 1 September 2021. Christopher Burrows assumed the role as Senior Independent Director.

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 quoted and private equity-backed companies with successful trade sales including Kelvin Hughes Group, Paragon Book Services Limited, Crestacare PLC, and Corgi Classics Limited. Previously he was founder and chief executive of Household Mortgage Corporation PLC until its sale to Abbey National Plc.

Christopher Burrows, MA, (appointed 27 June 2018) gained 35 years experience in international leadership consulting, executive 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 retired from Russell Reynolds Associates in 2018, having been a managing director for the last 13 years of his executive career there. His principal focus was advising clients & investors on board appointments and organisation strategy across biotechnology, medtech, diagnostics, healthcare services, pharmaceuticals and digital technologies.

Philippa Latham, MA, (appointed 1 September 2021) started her career in corporate finance in the City and has experience in industry as a corporate analyst. She was a non-executive director from 2005 to 2015 at James Latham PLC, an AIM listed company, where she served as the chair of the Audit Committee for seven years. She currently holds two non-executive director roles, one of which is Lucy Group Limited where she is chair of the Audit Committee.

Patrick Reeve, MA, FCA, (appointed 7 November 2006) was formerly the managing partner of Albion Capital and became chairman on 1 April 2019. As well as Albion Enterprise VCT PLC, he is a director of Albion Technology and General VCT and Albion Development VCT. Patrick is a member of Albion's Valuations Committee and its Risk Management Committee. He is also a director of the Association of Investment Companies. Patrick joined Close Brothers Group plc in 1989 before establishing Albion Capital (formerly Albion Ventures LLP) in 1996. Prior to Close he qualified as a chartered accountant before joining Cazenove & Co. Patrick has an MA in Modern Languages from Oxford University.

Rhodri Whitlock (Chairman of the Audit Committee) (appointed 19 January 2021) is a chartered accountant and has over 25 years' experience as a partner providing a range of assurance services and advice to listed and private companies. During that time Rhodri worked closely with the non-executive boards of a significant number of investment and infrastructure funds with aggregate assets under management of £1.5 billion. Rhodri also has considerable experience of high growth businesses and sectors including MedTech, FinTech, software as a service, healthcare and e-commerce. More recently Rhodri worked with the independent regulator, the Financial Reporting Council and now runs his own consultancy business, HPL Associates Limited.

All Directors, except for Patrick Reeve, are members of the Audit Committee and Rhodri Whitlock 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 Christopher Burrows is Chairman.

Christopher Burrows 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. Albion Capital Group LLP is a leading independent investment manager with a long term record of backing change and growth. The wider Albion Group has funds of around £925m under management, expected commitment or administration.

The following are specifically responsible for the management and administration of the Venture Capital Trusts managed by the Manager:

Will Fraser-Allen, BA (Hons), FCA, is the managing partner of Albion Capital and chairs the Investment Committee. He is deputy chairman of the VCT association, chairing its Public Policy Committee and sits on the Venture Capital Committee of the BVCA. He joined Albion in 2001, became deputy managing partner in 2009 and managing partner in 2019. He has over 20 years' experience investing in healthcare, leisure, media and technology enabled businesses. Prior to joining Albion, Will qualified as a chartered accountant and has a BA in History from Southampton University.

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

Dr. Andrew Elder, MA, FRCS, initially practised as a neurosurgeon before starting his career in investment. He now focuses on medical technologies, digital health, and the life-science sector. Andrew is head of healthcare investing and became deputy managing partner of Albion Capital in 2019. He graduated with an MA plus Bachelor of Medicine and Surgery from Cambridge University and practised as a surgeon for six years. He is a Fellow of the Royal College of Surgeons (England).

Lauren Apostolidis, takes responsibility for driving the growth and engagement of the Talent X platform. In this impactful brand ambassadorial role, Lauren focuses on continuously expanding the value of AlbionVC networks to increase the success of our companies. Previously, as Platform Lead for workspace accelerator, Huckletree, Lauren built and managed the support network of ambassadors and investors to help connect founders across the workspaces to key individuals in the ecosystem. She built relevant programming and connection opportunities for the start ups and also ran an in-house accelerator for underrepresented founders who were looking to raise their Seed round. Prior to this, Lauren managed Fintech partnerships at Thomson Reuters (Refinitiv, now part of LSEG).

Adam Chirkowski, MA (Hons), is responsible primarily for investments in the asset-based portfolio. He is an investment director at Albion Capital and invests across a number of sectors including digital infrastructure, healthcare and renewable energy. Adam graduated from Nottingham University with a first-class degree in industrial Economics and a Masters in Corporate Strategy and Governance. Prior to joining Albion in 2013, he spent five years working in corporate finance at Rothschild.

Emil Gigov, BA (Hons), FCA, has been an early-stage investor for over 20 years, supporting more than 30 companies spanning software technology, advanced manufacturing, education, and healthcare. More recently he has focused on B2B SaaS businesses across a range of sectors including data management, FinTech and marketing technologies. He joined Albion Capital in 2000 and became a partner in 2009. He graduated from the European Business School, London, with a BA (Hons) Degree in European Business Administration.

Dr. Molly Gilmartin BA, joined Albion Capital from McKinsey & Company where she focused on healthcare systems, services and technologies. Prior to McKinsey, Molly was Chief Commercial Officer of Induction Healthcare Group which completed an IPO on AIM in 2019 and provided digital tools for healthcare professionals and patients to deliver care more efficiently and effectively. Before Induction, Molly was a founding team member of Pando, a messaging and workflow tool for doctors, and an NHS Clinical Entrepreneur as a medical doctor. As part of the Albion investment team, Molly focuses on health technology investing with a focus on digital tools and technologies that can drive better outcomes for patients through more efficient delivery of care and better clinical research.

Vikash Hansrani, BA (Hons), FCA, is the operations partner of Albion Capital and oversees the finance and administration of all the funds under Albion Capital's management. He qualified as a chartered accountant with RSM and latterly worked in its corporate finance team before joining Albion in 2010 and becoming partner in 2017. Vikash is a member of Albion's Valuations Committee and its Risk Management Committee. He has a BA (Hons) in Accountancy & Finance from Nottingham Business School.

Ed Lascelles, BA (Hons), heads up the technology investment team at Albion Capital, focusing on B2B software and disruptive tech services. He joined Albion Capital in 2004 having started his career advising public companies during the 'dotcom' boom, and became a partner in 2009. Ed graduated from University College London with a first-class honours degree in Philosophy.

Paul Lehair, MSc, MA, joined Albion Capital with 10 years of experience in tech start-ups and investment banking. He came from Citymapper where he was Finance Director for five years having joined when the company had less than ten employees. He also worked in business operations at Viagogo and in M&A TMT at Citigroup. Paul is an investment manager at Albion specialising in technology investing. He holds a dual Masters' degree in European Political Economy from the London School of Economics and Political Science and Sciences Po Paris.

Catriona McDonald, BA (Hons), joined Albion Capital in 2018 from Goldman Sachs where she worked on IPOs, M&A and leveraged buyouts in New York and London. Her time in banking gave her experience of implementing proven systems and running detailed analysis. She is now an investment manager at Albion specialising in technology investing. She graduated from Harvard University, majoring in Economics.

Jane Reddin, BA (Hons), is a partner at Albion Capital. She helps the Albion VCTs invest in strong founders, by assessing leadership potential, and accelerating the scaling of Albion's portfolio companies. In her 25 year career, she has transacted over 500 senior hires, built international, new-market and fund teams and helped over 70 start-ups build high performing teams. Prior to Albion, she spent six years as Talent Advisor at Balderton Capital and then co-founded The Talent Stack, a talent management consulting company for start-ups. She joined Albion in 2021 and became partner in 2022. She developed the talent platform at Albion which enables the sharing of talent and leadership development expertise with Albion's early-stage community. She graduated from Durham University with a BA in French and German.

Dr. Christoph Ruedig, MBA, practiced radiology and strategy consulting before becoming an investor in healthcare. He joined Albion Capital in 2011 and became a partner in 2014. At Albion he focuses on digital health, with investments ranging from clinical trial software to chronic disease management. Prior to joining Albion, he worked at General Electric UK, where he was responsible for mergers and acquisitions in healthcare, following a role in venture capital with 3i plc. He holds a degree in medicine from Ludwig-Maximilians University, Munich, and an MBA from INSEAD.

Nadine Torbey, MSc, BEng, joined Albion Capital in 2018 from Berytech Fund Management, one of the first VC funds in the Middle East, and her investing experience includes: AI/Data Platforms and Infrastructure, CX, Digital Networks and Hardware. She is an investment manager at Albion specialising in technology investing. She graduated from the American University of Beirut with a BSc in Electrical and Computer Engineering and followed this with an MSc in Innovation Management and Entrepreneurship from Brown University.

Robert Whitby-Smith, BA (Hons), FCA, is a partner of Albion Capital specialising in software investing. Robert joined Albion 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, comes from an advisory background and is focused on partnering with management teams. He joined Albion Capital in 2019 from Bain & Company where he had been a consultant since 2016 and is an investment director at Albion specialising in technology investing. Prior to this he graduated from the London Business School with an MBA having spent eight years as a broker at ICAP Securities.

Marco Yu, PhD, MRICS, specialises in energy related investment and has in-depth knowledge and understanding of energy generation, distribution, balancing, storage as well as servicing the sector. Marco is head of renewables at Albion Capital, has a first-class degree in economics from Cambridge, a PhD in construction economics from UCL and has led over 20 investments to date. Prior to joining Albion in 2007, he qualified as a Chartered Surveyor with Bouygues (UK), and advised on large capital projects with EC Harris.

Portfolio of investments

Fixed asset investments	% voting rights	% voting rights of Albion* managed companies	On 31 March 2022 Cost £'000	On 31 March 2022 Cumulative movement in value £'000	On 31 March 2022 Value £'000	On 31 March 2021 Cost £'000	On 31 March 2021 Cumulative movement in value £'000	On 31 March 2021 Value £'000	Change in value for the year** £'000
Quantexa Limited	2.5	11.3	**2,108**	**12,422**	**14,530**	2,108	4,738	6,846	**7,684**
Egress Software Technologies Limited	9.9	24.7	**3,365**	**9,942**	**13,307**	3,365	7,589	10,954	**2,353**
Proveca Limited	9.6	49.9	**1,512**	**4,720**	**6,232**	1,512	4,101	5,613	**619**
Oviva AG	2.8	12.2	**2,601**	**2,756**	**5,357**	1,151	298	1,449	**2,458**
Radnor House School (TopCo) Limited	9.4	48.3	**1,729**	**1,687**	**3,416**	1,729	1,251	2,980	**436**
The Evewell Group Limited	6.1	33.0	**1,477**	**1,389**	**2,866**	1,054	982	2,036	**407**
Black Swan Data Limited	4.2	24.4	**1,967**	**140**	**2,107**	1,445	(142)	1,303	**282**
Regenerco Renewable Energy Limited	12.5	50.0	**1,261**	**785**	**2,046**	1,261	772	2,033	**13**
Cantab Research Limited (T/A Speechmatics)	1.5	11.4	**1,094**	**624**	**1,718**	696	–	696	**624**
Elliptic Enterprises Limited	0.9	5.9	**1,219**	**454**	**1,673**	792	–	792	**454**
Healios Limited	4.0	17.5	**1,134**	**522**	**1,656**	1,134	522	1,656	**–**
The Street by Street Solar Programme Limited	8.6	50.0	**891**	**729**	**1,620**	891	668	1,559	**61**
Aridhia Informatics Limited	6.4	21.6	**1,244**	**281**	**1,525**	1,244	(332)	912	**613**
Threadneedle Software Holdings Limited (T/A Solidatus)	2.2	11.5	**1,360**	**–**	**1,360**	1,360	–	1,360	**–**
Alto Prodotto Wind Limited	11.1	50.0	**784**	**524**	**1,308**	841	509	1,350	**44**
Arecor Therapeutics PLC	1.1	5.5	**400**	**818**	**1,218**	400	173	573	**645**
Greenenerco Limited	28.6	50.0	**707**	**504**	**1,211**	769	494	1,263	**35**
Panaseer Limited	2.3	11.4	**816**	**388**	**1,204**	547	387	934	**1**
Cisiv Limited	8.7	29.6	**799**	**374**	**1,173**	799	(32)	767	**406**
TransFICC Limited	2.6	17.8	**938**	**223**	**1,161**	234	–	234	**223**
NuvoAir Holdings Inc.	2.0	11.2	**826**	**301**	**1,127**	–	–	–	**301**
Beddlestead Limited	8.1	49.0	**966**	**102**	**1,068**	966	(310)	656	**412**
Convertr Media Limited	6.2	26.6	**992**	**43**	**1,035**	992	34	1,026	**9**
Locum's Nest Limited	5.1	25.6	**602**	**419**	**1,021**	500	(31)	469	**450**
uMotif Limited	3.8	21.0	**1,109**	**(133)**	**976**	578	61	639	**(194)**
Koru Kids Limited	2.5	9.3	**674**	**302**	**976**	541	57	598	**245**
Gravitee Topco Limited (T/A Gravitee.io)	3.5	18.4	**763**	**210**	**973**	–	–	–	**210**
Seldon Technologies Limited	1.9	14.0	**911**	**–**	**911**	371	–	371	**–**
Oxsensis Limited	4.9	26.9	**1,151**	**(341)**	**810**	1,011	(8)	1,003	**(333)**
InCrowd Sports Limited	3.9	17.8	**499**	**174**	**673**	499	171	670	**3**
DySIS Medical Limited	3.8	10.1	**2,742**	**(2,150)**	**592**	2,742	(1,990)	752	**(160)**
The Voucher Market Limited (T/A WeGift)	1.4	10.0	**564**	**–**	**564**	564	–	564	**–**
Perchpeek Limited	1.5	11.6	**511**	**–**	**511**	–	–	–	**–**
Imandra Inc.	1.3	8.1	**173**	**272**	**445**	121	–	121	**272**
Limitless Technology Limited	1.8	11.0	**471**	**(115)**	**356**	471	47	518	**(162)**
Zift Channel Solutions Inc.	2.0	6.5	**1,053**	**(701)**	**352**	1,053	(809)	244	**108**
Brytlyt Limited	1.8	14.8	**310**	**–**	**310**	–	–	–	**–**
Accelex Technology Limited	2.9	16.5	**265**	**–**	**265**	–	–	–	**–**
AVESI Limited	5.5	50.0	**179**	**58**	**237**	179	61	241	**(3)**
memsstar Limited	8.8	44.7	**192**	**24**	**216**	192	177	369	**(153)**
Mirada Medical Limited	5.0	15.0	**1,487**	**(1,300)**	**187**	1,487	(1,487)	–	**187**
Concirrus Limited	1.5	9.7	**755**	**(583)**	**172**	755	–	755	**(583)**

Portfolio of investments continued

Fixed asset investments	% voting rights	% voting rights of Albion* managed companies	On 31 March 2022 Cost £'000	On 31 March 2022 Cumulative movement in value £'000	On 31 March 2022 Value £'000	On 31 March 2021 Cost £'000	On 31 March 2021 Cumulative movement in value £'000	On 31 March 2021 Value £'000	Change in value for the year** £'000
uMedeor Limited (T/A uMed)	1.3	9.5	134	–	134	134	–	134	–
Regulatory Genome Development Limited	0.7	4.9	114	–	114	–	–	–	–
MHS 1 Limited	1.2	48.8	83	(15)	68	83	(10)	73	(5)
Symetrica Limited	0.2	5.0	55	(11)	44	55	(11)	44	–
Avora Limited	2.4	16.7	430	(420)	10	430	(268)	162	(152)
Abcodia Limited	5.6	19.5	987	(983)	4	953	(616)	337	(367)
Forward Clinical Limited (T/A Pando)	1.8	9.2	219	(216)	3	219	(211)	8	(5)
Sandcroft Avenue Limited (T/A Hussle)	6.8	21.2	1,370	(1,370)	–	1,370	(1,229)	141	(141)
Total fixed asset investments			47,993	32,849	80,842	43,076	17,539	60,615	17,297

* Albion Capital Group LLP
** As adjusted for additions and disposals during the year; including realised gains/(losses).

The comparative cost and valuations for 31 March 2021 do not agree to the Annual Report and Financial Statements for the year ended 31 March 2021 as the above table does not include brought forward investments that were fully disposed of in the year.

The following is a summary of fixed asset realisations for the year ended 31 March 2022:

Fixed asset investment realisations	Cost £'000	Opening carrying value* £'000	Disposal proceeds £'000	Total realised gain/(loss) £'000	Gain/ (loss) on opening value £'000
Disposals:					
Phrasee Limited	822	2,141	2,654	1,832	513
MyMeds&Me Limited	720	923	2,415	1,695	1,492
Credit Kudos Limited	454	454	2,345	1,891	1,891
MPP Global Solutions Limited	950	950	1,261	311	311
Innovation Broking Group Limited	84	578	866	782	288
Loan stock repayments and other:					
Greenenerco Limited	61	87	87	26	–
Alto Prodotto Wind Limited	57	86	86	29	–
Oxsensis Limited	386	386	434	48	48
Xperiome Limited**	501	417	–	(501)	(417)
Escrow adjustments and other***	–	–	3	3	3
Total fixed asset realisations	4,035	6,022	10,151	6,116	4,129

*As adjusted for additions during the year
** In administration
*** These comprise fair value movements on deferred consideration on previously disposed investments and expenses which are incidental to the purchase or disposal of an investment.

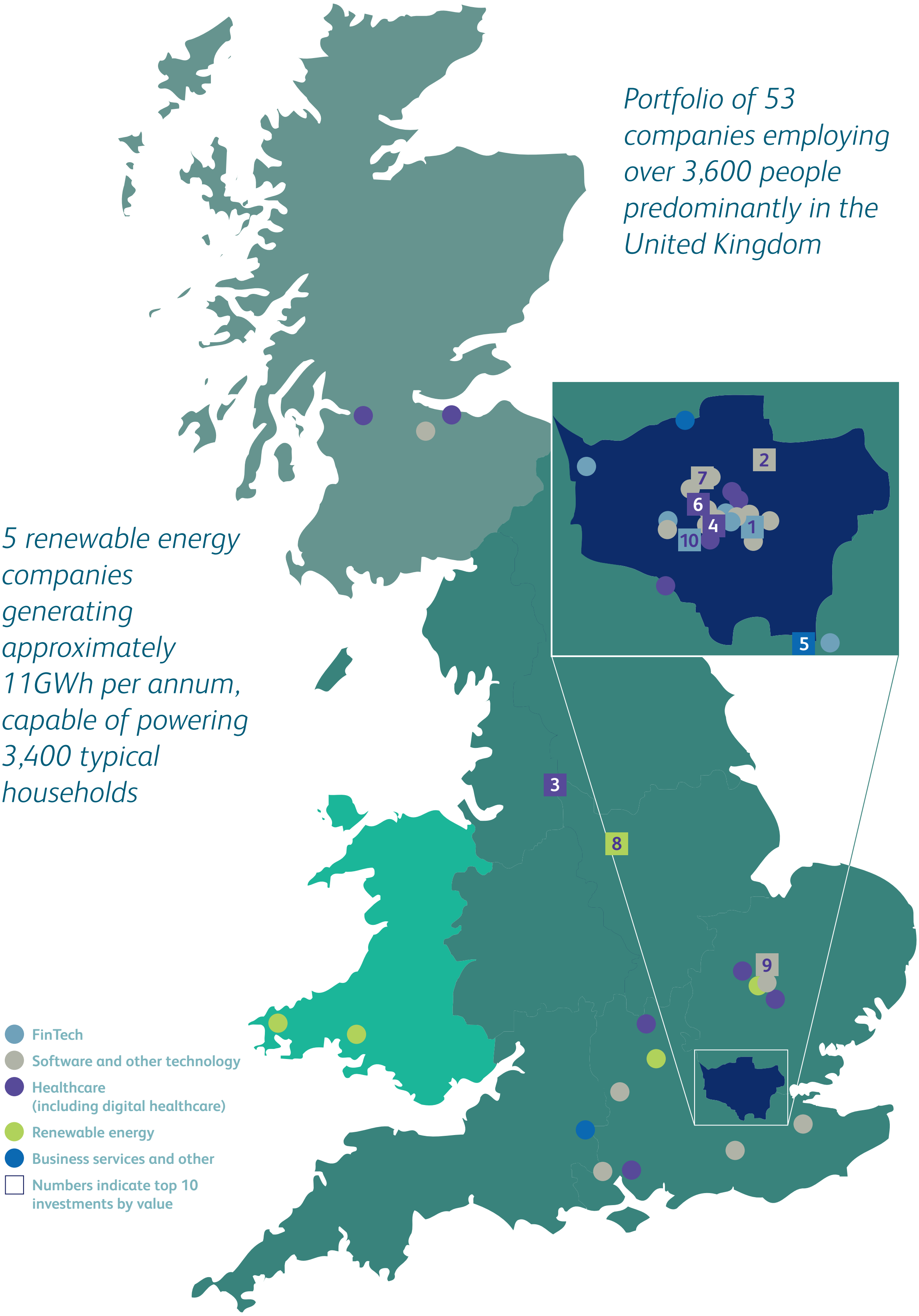
Total change in value of investments for the year	17,297
Movement in loan stock accrued interest	(58)
Unrealised gains sub-total	17,239
Realised gains in the current year	4,129
Finance Income from the unwinding of discount on deferred consideration	268
Total gains on investments as per Income statement	21,636

Portfolio companies

Geographical locations

Portfolio of 53 companies employing over 3,600 people predominantly in the United Kingdom

5 renewable energy companies generating approximately 11GWh per annum, capable of powering 3,400 typical households



The top ten portfolio companies by value are as follows:

Website: www.quantexa.com

1. Quantexa Limited

Quantexa has developed an analytics platform which offers entity resolution, network analytics and automated decisioning at massive scale in real time. This capability is used to fight financial crime and reduce fraud. Quantexa now counts many of the world's largest banks, insurers and governments among its clients.

Audited results: year to 31 March 2021	£'000
Turnover	30,307
LBITDA	(9,077)
Loss before tax	(9,516)
Net assets	22,890
Basis of valuation	Cost and price of recent investment (reviewed for impairment or uplift)

Investment information	£'000
Income recognised in the year	–
Total cost	2,108
Valuation	14,530
Voting rights	2.5%
Voting rights for all Albion managed companies	11.3%

2. Egress Software Technologies Limited

Egress has developed a secure communication platform that uses encryption and machine learning to secure content shared via e-mail and other applications. Egress serves SMBs and small enterprise customers in the public sector, legal, healthcare, financial services and defence sectors.

Audited results: year to 31 December 2020	£'000
Turnover	17,336
LBITDA	(6,809)
Loss before tax	(7,056)
Net liabilities	(1,956)
Basis of valuation	Revenue multiple

Investment information	£'000
Income recognised in the year	–
Total cost	3,365
Valuation	13,307
Voting rights	9.9%
Voting rights for all Albion managed companies	24.7%

Website: www.egress.com

3. Proveca Limited

Proveca is a specialty pharmaceutical company focused on children's medicines. The company 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 for chronic drooling was launched in 2017. It has a pipeline of drugs focused on neurology, immunology and cardiovascular.

Filleted audited results: year to 31 July 2021 £'000	
Net liabilities	(2,731)
Basis of valuation	Revenue multiple

Investment information	£'000
Income recognised in the year	–
Total cost	1,512
Valuation	6,232
Voting rights	9.6%
Voting rights for all Albion managed companies	49.9%

Website: www.proveca.co.uk

Website: www.oviva.com

4. Oviva AG

Oviva is the category leader in Europe for digital, reimbursed dietetic care. The company sells digital and technology-led services solutions for conditions such as diabetes and obesity. It consistently demonstrates best-in-class outcomes helping its clients save costs and improve patient well-being. It is active in the UK, Germany, France and Switzerland.

Audited results: year to 31 December 2020	£'000
Turnover	5,097
LBITDA	(4,285)
Net assets	14,661
Basis of valuation	Cost and price of recent investment (reviewed for impairment or uplift)

Investment information	£'000
Income recognised in the year	–
Total cost	2,601
Valuation	5,357
Voting rights	2.8%
Voting rights for all Albion managed companies	12.2%

Website: www.radnorhouse.org

5. Radnor House School (TopCo) Limited

Radnor House operates a co-educational independent school near Sevenoaks, Kent. The school is growing strongly with over 500 children on the roll and further capacity to expand. Significant further investment has been made into the school's facilities to enable it to deliver a personalised education experience to each student. The curriculum and co-curricular activities are designed to give each child a wide range of academic and other skills in a supportive and nurturing environment.

Audited results: year to 31 August 2021	£'000
Turnover	7,548
EBITDA	623
Loss before taxation	(850)
Net assets	12,205
Basis of valuation	Third party valuation – earnings multiple

Investment information	£'000
Income recognised in the year	278
Total cost	1,729
Valuation	3,416
Voting rights	9.4%
Voting rights for all Albion managed companies	48.3%

6. The Evewell Group Limited

The Evewell owns and operates private pay women's health centres of excellence with one on Harley Street and one in Hammersmith (which opened in 2022) both focusing on fertility and IVF treatment but uniquely also covering all aspects of a woman's gynaecological health.

Website: www.evewell.com

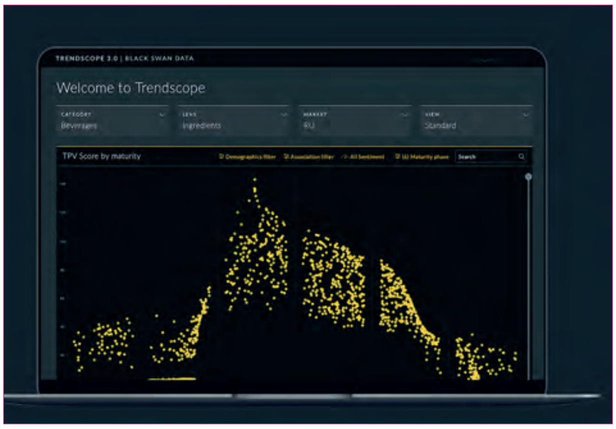
Filleted audited results: year to 31 December 2020	£'000
Net liabilities	(3,354)
Basis of valuation	Earnings multiple

Investment information	£'000
Income recognised in the year	174
Total cost	1,477
Valuation	2,866
Voting rights	6.1%
Voting rights for all Albion managed companies	33.0%

Portfolio companies continued

7. Black Swan Data Limited

Black Swan has developed an analytics platform which gives accurate, long term predictions of consumer trends. They are seeking to replace manual market research with automated data driven insights. The initial sector focus is fast-moving consumer goods ("FMCG")..



Website: www.blackswan.com

Audited results: year to 31 December 2020	£'000
Turnover	17,708
LBITDA	(3,737)
Loss before taxation	(4,700)
Net liabilities	(4,476)
Basis of valuation	Cost and price of recent investment (reviewed for impairment or uplift)

Investment information	£'000
Income recognised in the year	–
Total cost	1,967
Valuation	2,107
Voting rights	4.2%
Voting rights for all Albion managed companies	24.4%

Website: www.regenerco.com

8. Regenerco Renewable Energy Limited

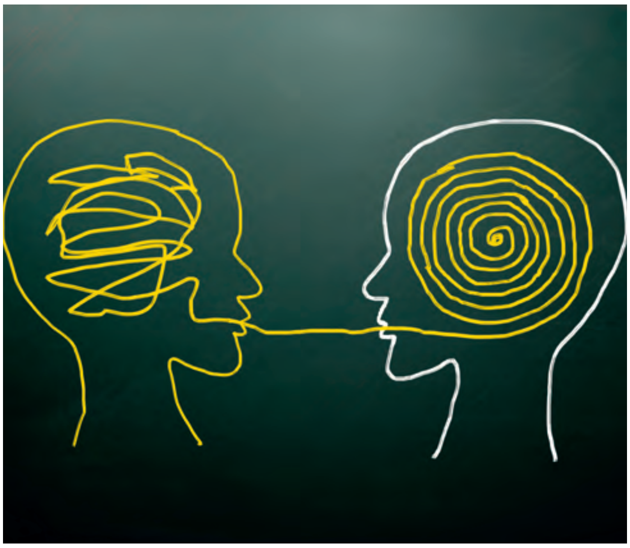
Regenerco Renewable Energy owns and operates solar PV systems on 15 commercial properties and circa 570 council owned homes in Cambridgeshire. It provides free and clean electricity to those homes and benefits from inflation-protected renewable subsidies for a period of 20 to 25 years. Most of the PV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

Filleted audited results: year to 31 December 2020	£'000
Net liabilities	(512)
Basis of valuation	Third party valuation – discounted cash flow

Investment information	£'000
Income recognised in the year	131
Total cost	1,261
Valuation	2,046
Voting rights	12.5%
Voting rights for all Albion managed companies	50.0%

9. Cantab Research Limited (T/A Speechmatics)

Speechmatics provides advanced speech recognition software. Their technology can automatically transcribe any voice or audio assets from any live or recorded media and convert it into text in real time with leading accuracy across a wide range of languages. The software can be deployed using small footprint language models, which allow the speech to text processing to be performed at high accuracy both on premise and on device, as well as in the cloud. Albion VCTs invest alongside existing investors (IQ Capital and leading Cambridge angels) to accelerate growth.



Website: www.speechmatics.com

Audited results: year to 31 December 2020	£'000
Turnover	6,409
LBITDA	(3,976)
Loss before taxation	(4,177)
Net assets	3,704
Basis of valuation	Cost and price of recent investment (reviewed for impairment or uplift)

Investment information	£'000
Income recognised in the year	–
Total cost	1,094
Valuation	1,718
Voting rights	1.5%
Voting rights for all Albion managed companies	11.4%

10. Elliptic Enterprises Limited

Elliptic provides Anti Money Laundering services to digital asset (DA) institutions, e.g. crypto exchanges and banks, enabling them to detect financial crime and comply with emerging regulations. Elliptic is considered a key regulatory partner and spends considerable time liaising and advising the FCA, SEC and other state and regional regulators globally.

Website: www.elliptic.co

Audited results: year to 31 March 2021	£'000
Turnover	4,359
LBITDA	(6,850)
Loss before taxation	(6,898)
Net assets	7,686
Basis of valuation	Cost and price of recent investment (reviewed for impairment or uplift)

Investment information	£'000
Income recognised in the year	–
Total cost	1,219
Valuation	1,673
Voting rights	0.9%
Voting rights for all Albion managed companies	5.9%

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 2022. The Statement of corporate governance on pages 39 to 44 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 Part 6 of the Income Tax Act 2007 and in the opinion of the Directors, the Company has conducted its affairs so as to enable it to continue to obtain such approval. 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 and further details of this can be found on page 34 of this Directors' report. As with previous years, formal approval for the year ended 31 March 2022 is subject to review should there be any subsequent enquiry under corporation tax self-assessment.

The Company is not a close company for taxation purposes and its shares are 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 Company's share offers.

Capital structure

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

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

All Ordinary shares (except for treasury shares which have no right to dividend and no voting rights) rank pari passu for dividends and voting rights. Each Ordinary share is entitled to one vote. The Directors are not aware of any restrictions on the transfer of shares or on voting rights.

Shareholders are entitled to receive dividends and are entitled to the return 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 16,479,705 Ordinary shares (2021: 8,187,553 Ordinary shares), of which 15,913,556 Ordinary shares (2021: 7,638,734 Ordinary shares) were issued under the Albion VCTs Top Up Offers; and 566,149 Ordinary shares (2021: 548,819 Ordinary shares) were issued under the Dividend Reinvestment Scheme.

Your Board, in conjunction with the boards of other VCTs managed by Albion Capital Group LLP, launched prospectus top up offers of new Ordinary shares on 6 January 2022. The Company announced on 22 March 2022 that it would exercise part of its over-allotment facility, bringing the total amount to be raised to £21.5 million. On 24 March 2022 the offers were fully subscribed and closed.

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 7 of the Chairman's statement and details of share buybacks during the year can be found in note 15.

Substantial interests and shareholder profile

On 31 March 2022 and at the date of this report, the Company was not aware of any shareholder who had a beneficial interest exceeding 3% 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 2022, 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 8 of the Chairman's statement and on page 10 of the Strategic report.

Results and dividends

Detailed information on the results and dividends for the year ended 31 March 2022 can be found in the Strategic report on page 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 ("FRC") in 2014, and the subsequent updated Going concern, risk and viability guidance issued by the FRC due to Covid-19 in 2020, the Board has assessed the Company's operation as a going concern. The Company has sufficient cash and liquid resources, its portfolio of investments is well diversified in terms of sector, and the major cash outflows of the Company (namely investments, buy-backs and dividends) are within the Company's control. Cash flow forecasts are discussed quarterly at Board level with regards to going concern. The cash flow forecasts have been updated and stress tested to allow for the ongoing impact of Covid-19. Accordingly, after making diligent enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence over a period of at least twelve months from the date of approval of the Financial Statements. For this reason, the Directors have adopted the going concern basis in preparing the accounts. The Directors do not consider there to be any material uncertainty over going concern.

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 2022 are shown in note 19.

Principal risks and uncertainties

A summary of the principal risks faced by the Company is set out on pages 16 to 18 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 80% of the HMRC value of its investments must have been represented throughout the year by shares or securities that are classified as 'qualifying holdings';

(3) At least 70% 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% of funds raised in accounting periods beginning on or after 6 April 2018 must be invested in qualifying holdings by the anniversary of the end 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% by HMRC value of its investments;

(6) The Company must not have retained greater than 15% 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% by HMRC value in any portfolio company. The tests have been carried out and independently reviewed for the year ended 31 March 2022. The Company has complied with all tests and continues to do so.

'Qualifying holdings' include shares or securities (including unsecured loans with a five year or greater maturity period) in companies which have a permanent establishment in the UK and operate a 'qualifying trade' wholly or mainly in the United Kingdom. The investment must bear a sufficient level of risk to meet a risk-to-capital condition. Eligible shares must comprise at least 10% 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 9.

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.

On 31 March 2022, the HMRC value of qualifying investments (which includes a 12 month disregard for disposals) was

100.00% (2021: 90.01%). The Board continues to monitor this and all the VCT qualification requirements very carefully in order to ensure that all requirements are met and that qualifying investments comfortably exceed the current minimum threshold, which is 80% required for the Company to continue to benefit from VCT tax status. The Board and Manager are confident that the qualifying requirements can be met during the course of the year ahead.

Environment

The management and administration of the Company is undertaken by the Manager. Albion Capital Group LLP recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by its activities. Initiatives designed to minimise the Company's impact on the environment include recycling, favouring digital over printing and reducing energy consumption. Further details can be found in the Environmental, Social, and Governance ("ESG") section on page 19.

Global greenhouse gas emissions

The Company qualifies as a low energy user with regards to greenhouse gas emissions, producing less than 40,000kWh of energy, and therefore is not required to report emissions from the operations of the Company, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic report and Directors' reports) Regulations 2013, including those within our underlying investment portfolio. Therefore, the Company is outside of the scope of Streamlined Energy Carbon Reporting.

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.

Albion Capital Group LLP conducts due diligence on 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 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 22.

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 the Manager is a full scope UK AIFM. Ocorian Depositary (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 remuneration policy together with the remuneration disclosures for the AIFM's most recent reporting period are available on the Company's webpage on the Manager's website.

Employees

The Company is managed by Albion Capital Group LLP and hence has no employees. The Board consists solely of non-executive Directors, who are considered key management personnel.

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 46.

All Directors, except for Patrick Reeve, are members of the Audit Committee, of which Rhodri Whitlock is Chairman.

Patrick Reeve, as chairman of Albion Capital Group LLP, is deemed to have an interest in the Management agreement and Management performance incentive to which the Company is party.

Directors' indemnity

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

Election and re-election of Directors

Directors' election and re-election is subject to the Articles of Association and the UK Corporate Governance Code. The AIC Code recommends that all Directors submit themselves for re-election annually, therefore in accordance with the AIC Code, Maxwell Packe, Christopher Burrows, Patrick Reeve and Rhodri Whitlock will offer themselves for re-election. As Philippa Latham has been appointed since the last Annual General Meeting, she will be subject to 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 Albion Capital Group LLP managed Venture Capital Trusts and funds. Allocation of investments is on the basis of an allocation agreement which is based, inter alia, on the ratio of funds available for investment and the HMRC VCT qualifying tests.

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.

Cancellation of share premium and capital redemption reserve

The Company obtained authority to cancel the amount standing to the credit of its share premium and capital redemption reserves at the General Meeting on 21 February 2022. The purpose of the proposal was to increase the distributable reserves available to the Company for the payment of dividends, the buy-back of shares, and for other corporate purposes.

The proposal received the consent of the Court on 22 March 2022, and the changes have been registered at Companies House on 31 March 2022. Over time, this will create additional distributable reserves of £66.2 million.

Annual General Meeting

The Company's Annual General Meeting ("AGM) will be held at noon on 30 August 2022 via the Lumi platform. Information on how to participate in the live webcast can be found on the Manager's website at www.albion.capital/vct-hub/agms-events.

The AGM will include a presentation from the Manager, the answering of questions received from shareholders and the formal business of the AGM, which includes voting on the resolutions proposed by the Board by way of a poll. Registration details for the webcast will be emailed to shareholders and will be available at www.albion.capital/vct-hub/agms-events prior to the AGM.

The Board welcomes questions from shareholders at the AGM and shareholders will be able to ask questions using the Lumi platform during the AGM. Alternatively, shareholders can email their questions to AAEVchair@albion.capital prior to the AGM.

Shareholders will be able to vote during the AGM using the Lumi platform. Shareholders are encouraged to complete and return proxy cards in advance of the AGM but those participating in the AGM will be able to cast their votes through the Lumi platform once the Chairman declares the poll open.

The results of the poll held at the AGM will be announced through a Regulatory Information and will be published on the Company's webpage on the Manager's website at www.albion.capital/funds/AAEV as soon as reasonably practicable following the AGM.

Shareholders' views are important, and the Board encourages shareholders to vote on the resolutions. You can cast your vote by using the proxy form enclosed with this Annual Report or electronically at www.investorcentre.co.uk/eproxy. The Board has carefully considered the business to be approved at the AGM and recommends shareholders to vote in favour of all the resolutions being proposed.

Full details of the business to be conducted at the AGM are given in the Notice of the Meeting on pages 72 to 75.

The ordinary business resolutions 1 to 9 includes receiving and adopting the Company's accounts, to approve the Directors' remuneration report, to re-elect/elect all Directors, and to re-appoint BDO LLP as auditor for the next year end and to fix their remuneration.

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.

Resolutions number 10 to 12 replace the authorities given to the Directors at the Annual General Meeting in 2021. 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 10 will request the authority for the Directors to allot up to an aggregate nominal amount of £204,713 representing approximately 20% 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 any Albion VCTs Share Offers and the Dividend Reinvestment Scheme. The Company currently holds 12,195,568 Ordinary shares in treasury representing 12.0% of the total Ordinary share capital in issue as at 31 March 2022.

During the year, Ordinary shares were allotted under the terms of the Dividend Reinvestment Scheme and the Albion VCTs Share Offers as described in note 15.

Disapplication of pre-emption rights

Special resolution number 11 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 £204,713 of the nominal value of the share capital representing approximately 20% of the issued Ordinary share capital of the Company as at the date of this report.

Purchase of own shares

Special resolution number 12 will request authority for the Company to purchase up to 15,343,214 shares representing 14.99% of the Company's issued Ordinary share capital at, or between, the minimum and maximum prices specified in resolution number 12.

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.

During the financial year under review, the Company purchased 1,482,148 Ordinary shares which were held in treasury representing 1.5% of called-up share capital, at an aggregate consideration of £1,795,000. No Ordinary shares were purchased for cancellation.

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 they ought to have taken as a Director to make themselves 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 Section 418 of the Companies Act 2006.

By Order of the Board

Albion Capital Group LLP
Company Secretary

1 Benjamin Street
London, EC1M 5QL
30 June 2022

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 UK GAAP subject to any material departures disclosed and explained in the Financial Statements; and
- prepare a Directors' report, a Strategic report and Directors' 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 provide 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 (www.albion.capital/funds/AAEV) 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
30 June 2022

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 2018.

The Board has considered the Principles and Provisions of the AIC Code of Corporate Governance ("AIC Code"). The AIC Code addresses the Principles and Provisions set out in the Code, as well as setting out additional Provisions on issues that are of specific relevance to the Company and other investment companies. Closed-ended investment companies have particular factors which have an impact on their governance arrangements, principally from four features: outsourcing their day-to-day activities to external service providers and being governed by boards of non-executive directors; the importance of the Manager in the outsourcing compared to a typical supplier; having no executive directors or employees and consequently no executive remuneration packages; and no customers in the traditional sense, only shareholders.

The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the FRC, provides more relevant information to shareholders. The Company has complied with the Principles and Provisions of the AIC Code.

The AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the Code to make them relevant for investment companies.

Board of Directors

The Board consists solely of non-executive Directors. Maxwell Packe is the Chairman, Christopher Burrows is the Senior Independent Director, and Rhodri Whitlock is the chairman of the Audit Committee. All Directors are non-executive and day-to-day management responsibilities are sub-contracted to the Manager.

Maxwell Packe, Christopher Burrows, Philippa Latham and Rhodri Whitlock are considered independent Directors. Patrick Reeve is not an independent Director as he is chairman of Albion Capital Group LLP, the Manager.

The Board does not have a policy of limiting the tenure of any Director as the Board does not consider that a Director's length of service reduces their ability to act independently of the Manager. As such, Maxwell Packe who has been a Director of the Company for more than nine years, is still considered to be an independent Director and the Board continues to benefit from his experience of the Company.

The AIC Code requires that all Directors submit themselves for re-election annually, therefore in accordance with the AIC Code, Maxwell Packe, Christopher Burrows, Patrick Reeve and Rhodri Whitlock will offer themselves for re-election. As Philippa Latham has been appointed since the last Annual General Meeting, she will be subject to election at the forthcoming Annual General Meeting. The Dowager Lady Balfour of Burleigh retired as a Director on 12 August 2021.

The Directors have a range of business and financial skills, including serving on the boards of other companies, which are relevant to the Company; these are described in the Board of Directors section on page 22. All of the Directors have demonstrated that they have sufficient time, skill and experience to acquit their Board responsibilities and to work together effectively. 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. The Company has in place Directors' & Officers' Liability Insurance.

The Directors have considered diversity in relation to the composition of the Board and have concluded that its membership is diverse in relation to experience and balance of skills. Further details on the recruitment of new directors can be found in the Nomination Committee section on page 42.

The Board met four times during the year as part of its regular programme of Board meetings, with all Directors attending each meeting except those who resigned or were appointed during the year. In accordance with best practice, a further meeting took place without the Manager present. The Board also held a separate meeting to review and update the Management Agreement for new regulatory requirements, such as GDPR and AIFMD, but did not change any commercial terms with the Manager. Patrick Reeve was present in his capacity of Director of the Company, but took no part in the approval process in respect of the Management Agreement. A sub-committee 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 to approve the terms and contents of the Offer documents under the Albion VCTs' Prospectus Top Up Offers 2021/22. There is regular contact between individual members of the Board. Representatives of the Manager attend all Board meetings and participate in Board discussions, other than on matters where there might be a perceived conflict of interest between the Manager and the Company.

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, all of which are subject to Board oversight. The main issues reserved for the Board include:

- the appointment, evaluation, removal and remuneration of the Manager;
- the consideration and approval of future developments or changes to the investment policy, including risk and asset allocation;
- consideration of corporate strategy and corporate events that arise;
- application of the principles of the AIC Code, corporate governance and internal control;
- review of sub-committee recommendations, including the recommendation to shareholders for the appointment and remuneration of the Auditor;
- approving the Annual Report and Financial Statements, the Half-yearly Financial Report, the Interim Management Statements (which the Company will continue to publish), net asset value updates (where required), and the associated announcements;
- approval of the dividend policy and payments of appropriate dividends to shareholders;
- the performance of the Company, including monitoring of the discount of share price to the net asset value;
- share buy-back and treasury share policies;
- participation in dividend re-investment schemes and Top Up Offers; and
- monitoring shareholder profile and considering shareholder communications.

Given the size, nature and complexity of the Company, the Board considers it unnecessary to establish a Management Engagement Committee.

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 consistently identified that the Board works well together and has the right balance of skills, experience, independence and knowledge for the effective governance of the Company. Diversity within the Board is achieved through the appointment of directors with different sector experiences, skills and gender.

Directors are offered training, both at the time of joining the Board and on other occasions where required. The Directors attend external courses and industry events which provides further experience to help them fulfil their responsibilities. The Board also undertakes a proper and thorough evaluation of its committees on an annual basis.

In light of the performance of the individual Directors and the structured performance evaluation, Maxwell Packe, Christopher Burrows, Philippa Latham, Patrick Reeve and Rhodri Whitlock, are considered to be effective Directors who demonstrate strong commitment to the role. The Board believes it to be in the best interest of the Company to re-appoint or appoint these Directors at the forthcoming Annual General Meeting and has nominated them for re-election or election accordingly. For more details on the specific background, skills and experience of each Director, please see the Board of Directors section on page 22.

Remuneration Committee

Christopher Burrows 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, except Philippa Latham who joined the Board on 1 September 2021.

All independent Directors sit on the Remuneration Committee as their balance of skills and knowledge are relevant to the Committee's responsibilities. 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

Rhodri Whitlock is Chairman of the Audit Committee and all Directors are members of this Committee except Patrick Reeve. In accordance with the AIC Code, members of the Audit Committee have recent and relevant financial experience, as well as experience relevant to the sector. Given the size of the Board and the complexity of the business, Maxwell Packe is both Chairman of the Board and a member of the Audit Committee as his background, skills and experience are relevant for the Committee's responsibilities. The Committee met twice during the year ended 31 March 2022, which were fully attended by all the members of the Committee at the time the meetings were held.

The independent Auditor, BDO LLP, attended the Audit Committee meeting at which the Annual Report and Financial Statements for the year ended 31 March 2022 were discussed. BDO LLP also met with the Audit Committee prior to the meeting without the presence of the Manager.

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 and the Half-yearly Financial Report, 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 well as going concern and viability statements. 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 to back-up the discussions. Taking into account risk factors that impact on the Company both as reflected in the annual accounts and in a detailed risk matrix, both of which are reviewed periodically in detail, including in the context of emerging risks;
- 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.

The Board, and particularly the Audit Committee, monitors closely developments in the provision of audit services and is aware that the costs of rendering audit services from most audit firms are increasing significantly, with more pressure on those firms who provide services to listed companies and for those companies operating in a regulated environment. The Board is satisfied from discussions with the current audit firm and from scrutiny of what is happening elsewhere, that BDO continues to provide the Company with an independent and expert review of its financial reporting from an audit firm with significant experience in the sector and on a competitive fee base for the work required in reporting on an extensive portfolio of unquoted investments.

The Committee also examines going concern and viability statements, using financial projections provided by the Manager on the Company and by examining the liquidity in the Company's portfolio, including cash and realisable investments, the committed costs of the Company and where liquidity might be found if required. The Audit Committee also receives regular reports on compliance with VCT status, which is subject to various internal controls and external review when investment commitments are made.

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 Financial Statements 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 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. 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 2022, and assessments made by individual Directors, using their experiences elsewhere as required. As part of their evaluation of the effectiveness of the external Auditor, the Audit Committee reviewed the FRC's July Audit Quality report and discussed its findings with BDO. The Audit Committee are satisfied with BDO's responses, and how these matters were addressed in their approach to the current year's audit.

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 and approach to the annual audit and issues that arise during the course of the audit match all the relevant and appropriate criteria for the audit to have been an effective and objective review of the Company's year-end reporting.

The core legislation mandates that the maximum period for which a firm can be appointed auditor of a public interest entity is 10 years. Member states can choose to make this period shorter, or they can choose to allow extensions: to 20 years if a competitive tender is held at the 10 year point, or to 24 years in the case of a joint audit appointment. Transition arrangements vary depending on the length of time auditors have been incumbent.

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 LLP first acted as Auditor for the year ended 31 March 2008 and this will be year 15 of their tenure. This year is the second year that Peter Smith has acted as audit engagement partner and rotation will take place before the year ended 31 March 2026.

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 terms of reference of the Nomination Committee are to evaluate the balance of skills, experience and time commitment of the current Board members and make recommendations to the Board as and when a particular appointment arises.

The Board's policy on the recruitment of new Directors is to attract a range of backgrounds, skills and experience and to ensure that appointments are made on the grounds of merit against clear and objective criteria and bear in mind gender and other diversity within the Board. The Board is also mindful of the importance of creating good working relationships within the Board and with external agents. The Nomination Committee reviews succession planning regularly which includes considering tenure of existing Board members and any potential skills gaps that might need to be addressed when board membership changes.

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 Philippa Latham 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. The terms and conditions of Directors' appointment are available for inspection at the Annual General Meeting.

Internal control

In accordance with the AIC 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 and risk management 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 Valuation Committee and reviews of financial reports are carried out by the operations partner of the Manager, Albion Capital Group LLP;
- bank reconciliations are carried out monthly by the Manager;
- all published financial reports are reviewed by the Manager's compliance department;
- the Board reviews financial information; and
- a separate Audit Committee of the Company reviews financial information (including valuations) to be published.

As the Board has delegated the investment management and administration to Albion Capital Group LLP, the Board feels that it is not necessary to have its own internal audit function. Instead, the Board has access to Azets, which, as internal auditor for Albion Capital Group LLP from 2021, 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 Audit Committee and the Board reviewed internal audit reports prepared by the Manager's previous internal auditor, PKF Littlejohn LLP.

In addition to this, Ocorian Depositary (UK) Limited, the Company's external Depositary, 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 quarterly, with any changes reviewed and noted at the beginning of each Board meeting. A Director who has conflicts of interest refers to an independent Director to authorise and acknowledge 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 powers to buy and issue shares are detailed in full on pages 33 and 37 of the Directors' report. The Company is not party to any significant agreements that may take effect, alter or terminate upon a change of control of the Company following a takeover bid.

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

Relationships with shareholders and other stakeholders

The Company's Annual General Meeting is on 30 August 2022. The Annual General Meeting typically includes a presentation from the Manager on the portfolio and on the Company as well as answering questions that shareholders may have. The AGM will be held virtually.

Shareholders are also invited to attend the annual Shareholders' Seminar. Representatives of the Board usually attend the seminar. The Board considers this an important interactive event and invites shareholders to attend this year's event scheduled for 23 November 2022 at the Royal College of Surgeons. To reserve a place, email info@albion.capital.

Shareholders and financial advisers are able to obtain information on holdings and performance using the contact details provided on page 2.

The Company's share buy-back programme operates in the market through brokers. In order to sell shares, as they are quoted on the London Stock Exchange, investors should approach their broker to undertake the sale. Banks may be able to assist shareholders with a referral to a broker within their banking group. More information on share buy-backs can be found in the Chairman's statement on page 7.

Statement of compliance

The Directors consider that the Company has complied throughout the year ended 31 March 2022 with all the relevant provisions set out in the AIC Code issued in 2019. By reporting against the AIC Code, the Board are meeting their obligations in relation to the 2018 UK Corporate Governance Code (and associated disclosure requirements under paragraph 9.8.6 of the Listing Rules). The Directors also consider that they are complying with their statutory responsibilities and other regulatory provisions which have a bearing on the Company.

For and on behalf of the Board

Maxwell Packe
Chairman
30 June 2022

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 August 2022 for the approval of the Directors' remuneration report as set out below.

The current Remuneration Policy was approved by shareholders (95.9% of shareholders voted for the resolution, 4.1% voted against the resolution, and of the total votes cast, 62,065 votes were withheld (being 0.1% of total voting rights)) at the Annual General Meeting held on 3 September 2020 and will remain in place for a three year period. It will next be put to shareholders at the 2023 AGM.

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 Christopher Burrows as Chairman.

The Remuneration Committee met once during the year and once after the year end to review Directors' responsibilities and fees against the market. The meeting after the year end concluded that the current level of remuneration, which was last increased in 2018, should be increased to remain both competitive and reflective of the workload and responsibilities required from the Directors. The Committee agreed to raise the fee for the Chairman to £27,500 from £24,000, the Chairman of the Audit Committee to £25,500 from £23,000 and all other Directors (except for Patrick Reeve who agreed to waive his fees) to £23,500 from £22,000. The change in remuneration took place from 1 April 2022 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 and should be sufficient to enable candidates of high calibre to be recruited. In determining the level of non-executive Directors' 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.

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 is managed by Albion Capital Group LLP and has no employees. The Board consists solely of non-executive Directors, who are considered key management personnel.

The maximum level of non-executive Directors' remuneration is fixed by the Company's Articles of Association, not to exceed £125,000 per annum.

The AIC Code requires that all Directors submit themselves for re-election annually, therefore in accordance with the AIC Code, Maxwell Packe, Christopher Burrows, Patrick Reeve and Rhodri Whitlock will offer themselves for re-election. As Philippa Latham has been appointed since the last Annual General Meeting, she will be subject to election at the forthcoming Annual General Meeting.

Shareholders' views in respect of Directors' remuneration are regarded highly and the Board encourages Shareholders' to communicate their thoughts to the Board, which it takes into account where appropriate when formulating its policy. At the last Annual General Meeting, 97.9% of shareholders voted for the resolution approving the Directors' remuneration report, 2.1% of shareholders voted against the resolution and of the total votes cast, 79,152 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 during the year under review with full attendance from all of its members.

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

Directors' remuneration report continued

Directors' remuneration

The following items have been audited.

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

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000	Percentage change 2021 to 2022 %	Percentage change 2020 to 2021 %
Maxwell Packe	**24**	24	24	–	–
Lord St John of Bletso (resigned 30 November 2020)	**–**	15	23	N/A	(35)
The Dowager Lady Balfour of Burleigh (resigned 12 August 2021)	**8**	22	22	(64)	–
Christopher Burrows	**22**	22	22	–	–
Philippa Latham (appointed 1 September 2021)	**13**	–	–	N/A	N/A
Albion Capital Group LLP (for Patrick Reeve's services)	**–**	–	–	–	–
Rhodri Whitlock (appointed 19 January 2021)	**23**	5	–	360	N/A
	90	88	91	2	2

There has been no increase in the base remuneration of each of the Directors' positions during the year. The changes from the prior year are due to The Dowager Lady Balfour of Burleigh's fees being pro-rated as she resigned part way through the year and Rhodri Whitlock's fees being pro-rated as he joined the Board part way through the previous year.

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. There are therefore no variable elements to the Directors' remuneration.

Each Director of the Company was remunerated personally through the Manager's payroll, which has been recharged to the Company, save for Patrick Reeve, who waived his fees and whose services are provided by Albion Capital Group LLP.

The Directors' collective total remuneration for the year ending 31 March 2023 is expected to be £100,000.

In addition to Directors' remuneration, the Company pays an annual premium in respect of Directors' & Officers' Liability Insurance of £29,160 (2021: £18,900). The increase has been due to changes in the market for the provision of insurance, and is in line with the increases seen across the wider Directors' & Officers' Liability Insurance market.

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 2022	Shares held on 31 March 2021
Maxwell Packe	**547,852**	543,297
The Dowager Lady Balfour of Burleigh (resigned 12 August 2021)	**N/A**	27,499
Christopher Burrows	**192,820**	147,713
Philippa Latham (appointed 1 September 2021)	**11,389**	N/A
Patrick Reeve	**97,639**	97,639
Rhodri Whitlock	**15,173**	8,680
	864,873	824,828

There have been no changes in the holdings of the Directors between 31 March 2022 and the date of this Report.

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

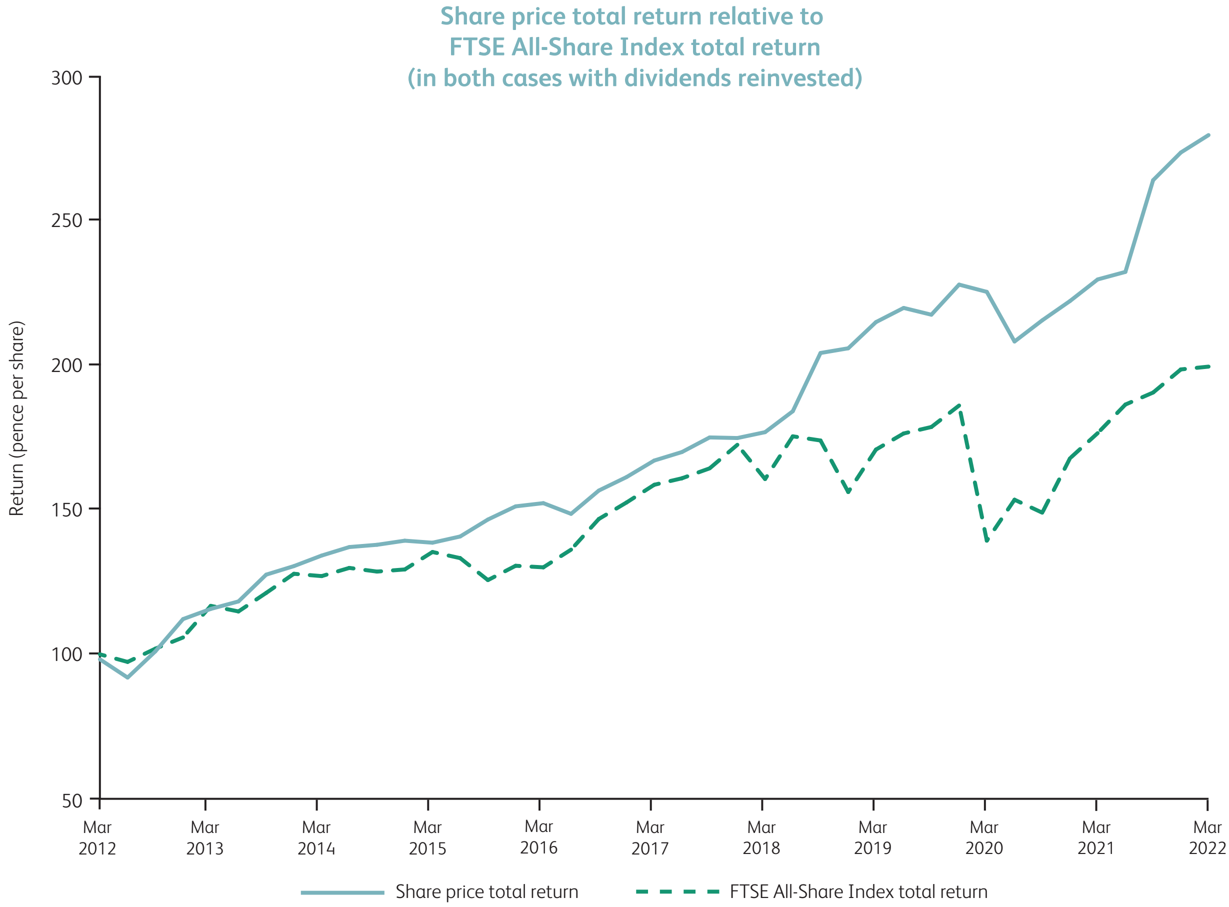
The following items have not been audited.

Albion Capital Group LLP, its partners and staff hold a total of 687,260 shares in the Company on 31 March 2022.

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 2012. 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.



Methodology: The share price total return to the shareholder, including original amount invested (rebased to 100) from 1 April 2012, 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

	2022 £'000	2021 £'000	Percentage change
Total dividend distribution to shareholders	4,528	3,688	22.8%
Share buybacks	1,795	1,853	(3.1)%
Total Directors' fees	90	88	2.3%

For and on behalf of the Board

Maxwell Packe
Director
30 June 2022

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 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.

We have audited the financial statements of Albion Enterprise VCT PLC (the 'Company') for the year ended 31 March 2022 which comprise the income statement, the balance sheet, the statement of changes in equity, the statement of cashflows 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)*.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, we were appointed by the Board of Directors on 31 March 2008 to audit the financial statements for the year ending 31 March 2008 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 15 years, covering the years ending 31 March 2008 to 31 March 2022. We remain 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. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining the VCT compliance reports during the year and as at year end and reviewing their calculations to check that the Company was meeting its requirements to retain VCT status;
- Consideration of the Company's expected future compliance with VCT legislation, the absence of bank debt, contingencies and commitments and any market or reputational risks;
- Reviewing the forecasted cash flows that support the Directors' assessment of going concern, challenging assumptions and judgements made in the forecasts, and assessing them for reasonableness. In particular, we considered the available cash resources relative to the forecast expenditure which was assessed against the prior year for reasonableness;
- Considering the impact of market volatility and uncertainty, including as a result of the impact of Russian aggression in Ukraine;
- Calculating financial ratios to ascertain the financial health of the Company.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

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

Overview		2022	2021
Key audit matters	Valuation of Unquoted Investments	✓	✓
Materiality	*Company financial statements as a whole* £1.95m (2021: £1.21m) based on 2% (2021: 2%) of net assets adjusted to exclude for fundraising during the year		

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

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, including 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. This matter was 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 this matter.

Key Audit Matter	How the scope of our audit addressed the key audit matter
Valuation of unquoted investments (Notes 2 and 11 to the financial statements) There is a high level of estimation uncertainty involved in determining the unquoted investment valuations; consisting of both equity and loan stock instruments. 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.	For our 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. • Reviewed the treatment of accrued redemption premium/other fixed returns in line with the SORP. For 98% of the investment portfolio, we performed the following: • Considered whether the valuation methodology is the most appropriate in the circumstances under the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines. Where there has been a change in valuation methodology from prior year, we assessed whether the change was appropriate. • Considered the change in market multiples and discount applied from prior year and if these were supported by the performance of the underlying investment. • Ensured that the valuation was based on recent financial information and reviewed the arithmetic accuracy of the valuation. Further, 51% of the unquoted portfolio is based on valuations using net assets, cost (where the investment was recently acquired), the price of a recent investment, bid price or an offer to acquire the investee company. For such investments, we checked the cost, net assets or third party offer to supporting evidence, reviewed the calibration of fair value 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 2022. This is particularly pertinent in those circumstances where the impact of COVID-19, rising inflation, the war in Ukraine and the resulting impact may call into question whether the price of recent investment remains reflective of fair value.

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

Key Audit Matter	How the scope of our audit addressed the key audit matter
	The remaining 49% of the investment portfolio is valued with reference to more subjective techniques with 12% supported by a valuation performed by experts (8% DCF and 4% Earnings Multiple). The remaining 37% of the portfolio is valued using multiples of revenue /earnings or Bid price, as described in note 11 of the financial statements. For such investments that were included in our detailed sample, we: • Re-performed the calculation of the investment valuation • Verified and benchmarked key inputs and estimates to independent information from our own research and against metrics from the most recent investments • Challenged the assumptions inherent to valuation of unquoted investments and assessment of impact of the estimation uncertainty concerning these assumptions and the disclosure of these uncertainties in the financial statements • Where a valuation has been performed by a third party management's expert, we have 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. We have also considered any updates for subsequent information to the valuation made by the investment manager and obtained appropriate evidence for those changes • Where appropriate, we performed sensitivity analysis on the valuation calculations where there is sufficient evidence to suggest reasonable alternative inputs might exist *Key observations:* Based on the procedures performed we consider the investment valuations to be appropriate considering the level of estimation uncertainty.

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 as a whole.

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

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Company financial statements	
	2022 £	2021 £
Materiality	£1,950,000	£1,210,000
Basis for determining materiality	2% of net assets adjusted to exclude for fundraising during the year	2% of gross investments
Rationale for the benchmark applied	In setting materiality, we have had regard to the nature and disposition of the investment portfolio. Given that the VCT's portfolio is comprised of unquoted investments which would typically have a wider spread of reasonable alternative possible valuations, we have applied a percentage of 2% of adjusted net asset value. This was changed from the prior year benchmark of gross investment value to align to a standardised benchmark across the investment company sector. The benchmark used is lower than the net asset value to take into account cash that has been recently raised.	
Performance materiality	£1,462,000	£910,000
Basis for determining performance materiality	75% of materiality The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year.	

Lower testing threshold

We determined that for Revenue return before tax, a misstatement of less than materiality for the financial statements as a whole, could influence users of the financial statements as it is a measure of the Company's performance of income generated from its investments after expenses. As a result, we determined a lower testing threshold for those items impacting revenue return of £120,000 (2021: £110,000) based on 5% of expenditure (2021: 5%).

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £97,000 (2021: £24,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability

- The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified; and

- The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate.

Other Code provisions

- Directors' statement on fair, balanced and understandable;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems; and
- The section describing the work of the audit committee.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report

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.

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.

Directors' remuneration

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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") and updated in February 2018 with consequential amendments and the applicable financial reporting framework. We also considered the Company's qualification as a VCT under UK tax legislation.

Our procedures included:

- 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 those charged with governance relating to the existence of any non-compliance with laws and regulations including fraud occurring within the Company and its operations; and
- obtaining the VCT compliance reports prepared by management's expert during the year and as at year end and reviewing their calculations to check that the Company was meeting its requirements to retain VCT status; and
- Reviewing minutes of board meetings and legal correspondence and invoices throughout the period for instances of non-compliance with laws and regulations and fraud.

We assessed the susceptibility of the financial statement to material misstatement including fraud and considered the fraud risk areas to be the valuation of unquoted investments and management override of controls.

Our tests included, but were not limited to:

- The procedures set out in the Key Audit Matters section above;
- Obtaining independent evidence to support the ownership of investments;
- Recalculating investment management fees in total;
- Obtaining independent confirmation of bank balances; and
- Testing journals which met a defined risk criteria by agreeing to supporting documentation and evaluating whether there was evidence of bias by the Investment Manager and Directors that represented a risk of material misstatement due to fraud.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, 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. There are inherent limitations in the audit procedures performed 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 are to become aware of it.

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

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.

Peter Smith (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
30 June 2022

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

Income statement

	Note	Year ended 31 March 2022 Revenue £'000	Capital £'000	Total £'000	Year ended 31 March 2021 Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	–	21,636	21,636	–	10,892	10,892
Investment income	4	886	–	886	543	–	543
Investment Manager's fees*	5	(196)	(3,696)	(3,892)	(438)	(1,314)	(1,752)
Other expenses	6	(549)	–	(549)	(454)	–	(454)
Return/(loss) on ordinary activities before taxation		141	17,940	18,081	(349)	9,578	9,229
Tax on ordinary activities	8	–	–	–	–	–	–
Return/(loss) and total comprehensive income attributable to shareholders		141	17,940	18,081	(349)	9,578	9,229
Basic and diluted return/(loss) per share (pence)**	10	0.19	23.78	23.97	(0.51)	13.96	13.45

* For more information on the allocation between revenue and capital please see the accounting policies on page 59.

** adjusted for treasury shares

The accompanying notes on pages 58 to 71 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 2022 £'000	31 March 2021 £'000
Fixed asset investments	11	**80,842**	60,615
Current assets			
Trade and other receivables	13	**10,725**	1,772
Cash and cash equivalents		**29,552**	24,429
		40,277	26,201
Total assets		**121,119**	86,816
Payables: amounts falling due within one year			
Trade and other payables less than one year	14	**(2,704)**	(1,418)
Total assets less current liabilities		**118,415**	85,398
Equity attributable to equity holders			
Called-up share capital	15	**1,017**	852
Share premium		**8,278**	53,258
Capital redemption reserve		**–**	104
Unrealised capital reserve		**32,790**	17,538
Realised capital reserve		**17,416**	14,728
Other distributable reserve		**58,914**	(1,082)
Total equity shareholders' funds		**118,415**	85,398
Basic and diluted net asset value per share (pence)*	16	**132.28**	114.60

* excluding treasury shares

The accompanying notes on pages 58 to 71 form an integral part of these Financial Statements.

These Financial Statements were approved by the Board of Directors, and were authorised for issue on 30 June 2022 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
On 1 April 2021	852	53,258	104	17,538	14,728	(1,082)	85,398
Return and total comprehensive income for the year	–	–	–	17,239	701	141	18,081
Transfer of previously unrealised gains on disposal of investments	–	–	–	(1,987)	1,987	–	–
Issue of equity	165	21,638	–	–	–	–	21,803
Cost of issue of equity	–	(544)	–	–	–	–	(544)
Reduction of share premium and capital redemption reserve	–	(66,074)	(104)	–	–	66,178	–
Purchase of own shares for treasury	–	–	–	–	–	(1,795)	(1,795)
Dividends paid	–	–	–	–	–	(4,528)	(4,528)
On 31 March 2022	1,017	8,278	–	32,790	17,416	58,914	118,415
On 1 April 2020	770	44,183	104	8,636	14,052	4,808	72,553
Return/(loss) and total comprehensive income for the year	–	–	–	8,836	742	(349)	9,229
Transfer of previously unrealised losses on disposal of investments	–	–	–	66	(66)	–	–
Issue of equity	82	9,277	–	–	–	–	9,359
Cost of issue of equity	–	(202)	–	–	–	–	(202)
Purchase of own shares for treasury	–	–	–	–	–	(1,853)	(1,853)
Dividends paid	–	–	–	–	–	(3,688)	(3,688)
On 31 March 2021	852	53,258	104	17,538	14,728	(1,082)	85,398

* Included within these reserves is an amount of £37,334,000 (2021: £13,646,000) which is considered distributable. Over the next four years an additional £37,129,000 will become distributable. This is due to the HMRC requirement that the Company cannot use capital raised in the past three years to make a payment or distribution to shareholders. On 1 April 2022, £1,310,000 became distributable in line with this.

Statement of cash flows

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Cash flow from operating activities		
Investment income received	**826**	434
Dividend income received	**–**	94
Deposit interest received	**3**	17
Investment Manager's fees paid	**(2,084)**	(1,403)
Other cash payments	**(503)**	(465)
Net cash flow from operating activities	**(1,758)**	(1,323)
Cash flow from investing activities		
Disposal of current asset investments	**–**	3,691
Purchase of fixed asset investments	**(8,519)**	(7,324)
Disposal of fixed asset investments	**9,379**	3,683
Net cash flow from investing activities	**860**	50
Cash flow from financing activities		
Issue of share capital	**12,230**	8,568
Cost of issue of equity	**(19)**	(17)
Dividends paid*	**(3,806)**	(3,094)
Purchase of own shares (including costs)	**(2,384)**	(1,265)
Net cash flow from financing activities	**6,021**	4,192
Increase in cash and cash equivalents	**5,123**	2,919
Cash and cash equivalents at start of the year	**24,429**	21,510
Cash and cash equivalents at end of the year	**29,552**	24,429

* The dividends paid shown in the cash flow are different to the dividends disclosed in note 9 as a result of the non-cash effect of the Dividend Reinvestment Scheme.

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 Financial Statements have been prepared on a going concern basis and further details can be found in the Directors' report on pages 33 and 34.

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") in accordance with FRS 102 sections 11 and 12. The Company values investments by following the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines as updated in 2018 and further detail on the valuation techniques used are outlined in note 2 below.

Company information is shown on page 2.

2. Accounting policies

Fixed 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 section 9 of FRS 102, those undertakings in which the Company holds more than 20% 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 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, discounted cash flows and industry valuation benchmarks. Where price of recent investment is used as a starting point for estimating fair value at subsequent measurement dates, this has been benchmarked using an appropriate valuation technique permitted by the IPEV guidelines.
- 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.

Current assets and payables

Receivables (including debtors due after more than one year), payables and cash are carried at amortised cost, in accordance with FRS 102. Debtors due after more than one year meet the definition of a financing transaction held at amortised cost, and interest will be recognised through capital over the credit period using the effective interest method. There are no financial liabilities other than payables.

Investment income

Equity income

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

2. Accounting policies (continued)

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

Investment management fee, performance incentive fee 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:

- 90% of management fees and 100% of performance incentive fees, if any, are allocated to the realised capital reserve. This has changed from 75% for both management fees and performance incentive fees in the year ended 31 March 2022, to better align with the Board's expectation that over the long term the majority 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.

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 for 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.

Share capital and reserves

Called-up share capital

This accounts for the nominal value of the Company's shares.

Share premium

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

Capital redemption reserve

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

Unrealised capital reserve

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

Realised capital reserve

The following are disclosed in this reserve:

- gains and losses compared to cost on the realisation of investments, or permanent diminutions in value (including gains recognised on the realisation of investment where consideration is deferred that are not distributable as a matter of law);
- finance income in respect of the unwinding of the discount on deferred consideration that is not distributable as a matter of law;
- 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, transfers from the share premium and capital redemption reserve, and other non-capital realised movements.

Dividends

Dividends by the Company are accounted for when the liability to make the payment (record date) has been established.

Going concern

The Board has assessed the Company's operation as a going concern. The Company has sufficient cash and liquid resources, its portfolio of investments is well diversified in terms of sector, and the major cash outflows of the Company (namely investments, buy-backs and dividends) are within the Company's control. Cash flow forecasts are discussed quarterly at Board level with regards to going concern. The cash flow forecasts have been updated and stress tested. Accordingly, after making diligent enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence over a period of at least twelve months from the date of approval of the Financial Statements. For this reason, the Directors have adopted the going concern basis in preparing the accounts. The Directors do not consider there to be any material uncertainty over going concern.

2. Accounting policies (continued)

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/(losses) on investments

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Unrealised gains on fixed asset investments	17,239	8,836
Realised gains on fixed asset investments	4,129	1,866
Finance income from deferred consideration	268	–
Realised gains on current asset investments	–	190
	21,636	10,892

4. Investment income

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Loan stock interest	883	434
Dividend income	–	94
Bank deposit interest	3	15
	886	543

5. Investment Manager's fees

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Investment management fees charged to revenue	196	366
Investment management fees charged to capital	1,762	1,098
Performance incentive fee charged to revenue	–	72
Performance incentive fee charged to capital	1,934	216
	3,892	1,752

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 page 13.

During the year, services of a total value of £4,090,000 (2021: £1,905,000) were purchased by the Company from Albion Capital Group LLP; this includes £1,958,000 (2021: £1,464,000) of management fee, £198,000 (2021: £153,000) of administration fee; and a performance incentive fee of £1,934,000 (2021: £288,000). At the financial year end, the amount due to Albion Capital Group LLP in respect of these services disclosed as accruals was £2,562,000 (2021: £739,000). The total annual running costs of the Company are capped at an amount equal to 2.5% of the Company's net assets, with any excess being met by Albion Capital Group LLP by way of a reduction in management fees. During the year, the management fee was reduced by £22,000 as a result of this cap (2021: £53,000).

During the year, the Company was not charged by Albion Capital Group LLP in respect of Patrick Reeve's services as a Director (2021: £nil).

Albion Capital Group LLP, its partners and staff hold a total of 687,260 shares in the Company on 31 March 2022.

The Manager is, from time to time, eligible to receive arrangement fees and monitoring fees from portfolio companies. During the year ended 31 March 2022, fees of £177,000 attributable to the investments of the Company were received pursuant to these arrangements (2021: £205,000).

The Company has entered into an offer agreement relating to the Offers with the Manager, Albion Capital Group LLP, pursuant to which Albion Capital will receive a fee of 2.5% 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.

6. Other expenses

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Directors' fees (including NIC)	**97**	95
Auditor's remuneration for statutory audit services (exclusive of VAT)	**39**	37
Administration fee	**198**	153
Other administrative expenses	**215**	169
	549	454

7. Directors' fees

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

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Directors' fees	**90**	88
National insurance	**7**	7
	97	95

The Company's key management personnel are the non-executive Directors. Further information regarding Directors' remuneration can be found in the Directors' remuneration report on pages 45 to 47.

8. Tax on ordinary activities

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
UK corporation tax charge in respect of current year	**–**	–
	–	–

Factors affecting the tax charge:	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Return on ordinary activities before taxation	**18,081**	9,229
Tax charge on profit at the average companies rate of 19% (2021: 19%)	**3,435**	1,754
Factors affecting the charge:		
Non-taxable gains	**(4,111)**	(2,069)
Income not taxable	**–**	(18)
Excess management expenses carried forward	**676**	333
	–	–

The tax charge for the year shown in the Income statement is lower than the average companies rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained above.

Notes

(i) Venture Capital Trusts are not subject to corporation tax on capital gains.

(ii) Tax relief on expenses charged to capital has been determined by allocating tax relief to expenses by reference to the applicable corporation tax rate and allocating the relief between revenue and capital in accordance with the SORP.

(iii) The Company has excess management expenses of £11,649,000 (2021: £8,090,000) that are available for offset against future profits. A deferred tax asset of £2,912,000 (2021: £1,537,000) has not been recognised in respect of these losses as they will be recoverable only to the extent that the Company has sufficient future taxable profits.

9. Dividends

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
First dividend of 2.87p per share paid on 31 August 2021 (28 August 2020 – 2.70p per share)	**2,139**	1,836
Second dividend of 3.22p per share paid on 28 February 2022 (26 February 2021 – 2.74p per share)	**2,391**	1,854
Unclaimed dividends	**(2)**	(2)
	4,528	3,688

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 2023 of 3.31 pence per share to be paid on 31 August 2022 to shareholders on the register on 5 August 2022. The total dividend will be approximately £2,984,000.

10. Basic and diluted return per share

	Year ended 31 March 2022			Year ended 31 March 2021		
	Revenue	**Capital**	**Total**	Revenue	Capital	Total
Return/(loss) attributable to equity shares (£'000)	**141**	**17,940**	**18,081**	(349)	9,578	9,229
Weighted average shares in issue (adjusted for treasury shares)		**75,440,864**			68,620,876	
Return/(loss) attributable per equity share (pence)	**0.19**	**23.78**	**23.97**	(0.51)	13.96	13.45

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 12,195,568 (2021: 10,713,420).

11. Fixed asset investments

Investments held at fair value through profit or loss	31 March 2022 £'000	31 March 2021 £'000
Unquoted equity and preference shares	**68,138**	48,450
Unquoted loan stock	**11,486**	12,165
Quoted equity	**1,218**	–
	80,842	60,615

	31 March 2022 £'000	31 March 2021 £'000
Opening valuation	**60,615**	47,859
Purchases at cost	**8,952**	7,324
Disposal proceeds	**(10,151)**	(5,270)
Realised gains	**4,129**	1,866
Movement in loan stock revenue accrued income	**58**	–
Unrealised gains	**17,239**	8,836
Closing valuation	**80,842**	60,615

11. Fixed asset investments (continued)

	31 March 2022 £'000	31 March 2021 £'000
Movement in loan stock revenue accrued income		
Opening accumulated loan stock revenue accrued income	1	1
Movement in loan stock revenue accrued income	58	–
Closing accumulated loan stock revenue accrued income	59	1
Movement in unrealised gains		
Opening accumulated unrealised gains	17,539	10,129
Movement in unrealised gains	17,239	8,836
Transfer of previously unrealised gains to realised reserve on disposal of investments	(1,987)	(1,426)
Closing accumulated unrealised gains	32,791	17,539
Historic cost basis		
Opening book cost	43,076	37,730
Purchases at cost	8,952	7,324
Disposals at cost	(4,035)	(1,978)
Closing book cost	47,993	43,076

Purchases and disposals detailed above do not agree to the Statement of cash flows due to restructuring of investments, conversion of convertible loan stock and settlement debtors and creditors.

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

Valuation methodology	31 March 2022 £'000	31 March 2021 £'000
Cost and price of recent investment (reviewed for impairment or uplift)	39,353	23,438
Revenue multiple	26,204	25,130
Third party valuation – Discounted cash flow	6,422	6,448
Third party valuation – Earnings multiple	3,417	3,053
Net assets	1,146	141
Earnings multiple	3,082	2,405
	79,624	60,615

When using the cost or price of a recent investment in the valuations, the Company looks to re-calibrate this price at each valuation point by reviewing progress within the investment, comparing against the initial investment thesis, assessing if there are any significant events or milestones that would indicate the value of the investment has changed and considering whether a market-based methodology (i.e. using multiples from comparable public companies) or a discounted cashflow forecast would be more appropriate.

11. Fixed asset investments (continued)

The main inputs into the calibration exercise, and for the valuation models using multiples, are revenue, EBITDA and P/E multiples (based on the most recent revenue, EBITDA or earnings achieved and equivalent corresponding revenue, EBITDA or earnings multiples of comparable companies), quality of earnings assessments and comparability difference adjustments. Revenue multiples are often used, rather than EBITDA or earnings, due to the nature of the Company's investments, being in growth and technology companies which are not normally expected to achieve profitability or scale for a number of years. Where an investment has achieved scale and profitability the Company would normally then expect to switch to using an EBITDA or earnings multiple methodology.

In the calibration exercise and in determining the valuation for the Company's equity instruments, comparable trading multiples are used. In accordance with the Company's policy, appropriate comparable companies based on industry, size, developmental stage, revenue generation and strategy are determined and a trading multiple for each comparable company identified is then calculated. The multiple is calculated by dividing the enterprise value of the comparable group by its revenue, EBITDA or earnings. The trading multiple is then adjusted for considerations such as illiquidity, marketability and other differences, advantages and disadvantages between the portfolio company and the comparable public companies based on company specific facts and circumstances.

Fair value investments had the following movements between valuation methodologies between 31 March 2021 and 31 March 2022:

Change in valuation methodology (2021 to 2022)	Value on 31 March 2022 £'000	Explanatory note
Revenue multiple to cost and price of recent investment (reviewed for impairment or uplift)	2,107	More appropriate valuation methodology
Cost and price of recent investment (reviewed for impairment or uplift) to revenue multiple	1,377	More appropriate valuation methodology
Cost and price of recent investment (reviewed for impairment or uplift) to bid price	1,218	Company listed on AIM in period
Cost and price of recent investment (reviewed for impairment or uplift) to net assets	1,078	More appropriate valuation methodology
Third party valuation - earnings multiple to net assets	68	More appropriate valuation methodology

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, these are the most relevant methods of valuation which would be reasonable on 31 March 2022.

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.

11. Fixed asset investments (continued)

Investments held at fair value through profit or loss (Level 3) had the following movements:

	31 March 2022 £'000	31 March 2021 £'000
Opening balance	60,615	47,859
Additions	8,952	7,324
Movement from Level 3 to Level 1*	(573)	–
Disposals	(10,151)	(5,270)
Realised gains	4,129	1,866
Accrued loan stock interest	58	–
Unrealised gains	16,594	8,836
Closing balance	79,624	60,615

* This relates to Arecor Therapeutics PLC, which listed on the AIM stock exchange during the period. This is the only Level 1 investment.

There are no Level 2 investments.

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. 63% of the portfolio of investments, consisting of equity and loan stock, is based on recent investment price, net assets and cost, which are considered the most appropriate valuation methodology. As such the Board believes that changes to reasonable possible alternative input assumptions (by adjusting the earnings and revenue multiples) for the valuation of the remainder of the portfolio could lead to a significant change in the fair value of the portfolio. Therefore, for the remainder of the portfolio, the Board has adjusted the inputs for a number of the largest portfolio companies (by value) resulting in a total coverage of 91% of the portfolio of investments.

The main inputs considered for each type of valuation is as follows:

Valuation technique	Portfolio company sector	Input	Base Case*	Change in input	Change in fair value of investments (£'000)	Change in NAV (pence per share)
Revenue multiple	Other software & technology	Revenue multiple	5.9x	+0.6x -0.6x	1,331 (1,331)	1.49 (1.49)
Revenue multiple	Healthcare (including digital healthcare)	Revenue multiple	5.6x	+0.6x -0.6x	627 (627)	0.70 (0.70)
Third party valuation – discounted cashflow	Renewable energy	Third party valuation – discounted cashflow	10.0% discount rate	+0.5% -0.5%	176 (227)	0.20 (0.25)

* As detailed in the accounting policies on page 58, the base case is based on market comparables, discounted where appropriate for marketability, in accordance with the IPEV guidelines.

The impact of these changes could result in an overall increase in the valuation of the equity investments by £2,134,000 (3.1%) (2021: £1,605,000 (3.3%)) or a decrease in the valuation of equity investments by £2,185,000 (3.2%) (2021: £2,268,000 (4.7%)).

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

The Company has interests of greater than 20% of the nominal value of any class of the allotted shares in the portfolio company on 31 March 2022 as described below:

Company	Registered address and country of incorporation	Profit/(loss) before tax £'000	Aggregate capital and reserves £'000	Result for year ended	% class and share type	% total voting rights
Greenenerco Limited	EC1M 5QL, UK	n/a*	443	31 March 2021	28.6% A Ordinary	28.6%

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

13. Trade and other receivables

	31 March 2022 £'000	31 March 2021 £'000
Deferred consideration under one year	488	149
Deferred consideration over one year	1,867	1,600
Prepayments and accrued income	26	21
Other receivables	8,344	2
	10,725	1,772

The deferred consideration over one year relates to the sale of G.Network Communications Limited in December 2020. These proceeds are receivable in January 2024, and have been discounted to present value at the prevailing market rate, including a provision for counterparty risk. This constitutes a financing transaction, and has been accounted for using the policy disclosed in note 2.

Other debtors includes £8,342,000 (£nil) owed to the Company in respect of the allotment of shares that took place on 31 March 2022 and was received on 1 April 2022. Further details are given in note 15.

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

14. Trade and other payables less than one year

	31 March 2022 £'000	31 March 2021 £'000
Accruals and deferred income	2,662	812
Trade payables	42	606
	2,704	1,418

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 shares:	£'000
85,232,100 Ordinary shares of 1 penny each at 31 March 2021	852
16,479,705 Ordinary shares of 1 penny each issued during the year	165
101,711,805 Ordinary shares of 1 penny each at 31 March 2022	**1,017**
10,713,420 Ordinary shares of 1 penny each held in treasury at 31 March 2021	(107)
1,482,148 Ordinary shares of 1 penny each purchased during the year to be held in treasury	(15)
12,195,568 Ordinary shares of 1 penny each held in treasury at 31 March 2022	**(122)**
Voting rights of 89,516,237 Ordinary shares of 1 penny each at 31 March 2022	**895**

The Company purchased 1,482,148 shares (2021: 1,768,106) to be held in treasury at a nominal value of £14,821 and a cost of £1,795,000 (2021: £1,853,000) representing 1.5% of the shares in issue on 31 March 2022, leading to a balance of 12,195,568 shares (2021: 10,713,420) in treasury representing 12.0% (2021: 12.6%) of the shares in issue on 31 March 2022.

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 2021	275,632	3	125.06	327	119.50
28 February 2022	290,517	3	129.67	359	123.50
	566,149			**686**	

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 2020/21 and 2021/22:

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)
9 April 2021	144,118	1	114.00	162	106.50
9 April 2021	9,249	–	114.60	10	106.50
9 April 2021	229,987	2	115.20	258	106.50
25 February 2022	973,740	10	131.70	1,263	123.50
25 February 2022	317,042	3	132.40	411	123.50
25 February 2022	7,806,927	78	133.00	10,125	123.50
31 March 2022	6,432,493	64	133.00	8,342	122.50
	15,913,556			**20,571**	

16. Basic and diluted net asset value per share

	31 March 2022 (pence per share)	31 March 2021 (pence per share)
Basic and diluted net asset value per Ordinary share	**132.28**	114.60

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 (excluding treasury shares) of 89,516,237 Ordinary shares (2021: 74,518,680) at 31 March 2022.

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 on page 33 of the Directors' 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:

- market and investment 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.

Market risk

As a Venture Capital Trust, it is the Company's specific nature to evaluate the market risk of its portfolio in unquoted companies. Market risk is the exposure of the Company to the revaluation and devaluation of investments as a result of macroeconomic changes. The main driver of market risk is the dynamics of market quoted comparators, as well as the financial and operational performance of portfolio companies. The Board seeks to reduce this risk by having a spread of investments across a variety of sectors. More details on the sectors the Company invests in can be found in the pie chart on page 9.

The Manager and the Board formally review market risk, both at the time of initial investment and at quarterly Board meetings.

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

Under FRS 102 the Board is required to illustrate by way of a sensitivity analysis the extent to which the assets are exposed to market risk. The Board considers that the value of the fixed asset investment portfolio is sensitive to a change of 10% based on the current economic climate. The impact of a 10% change has been selected as this is considered reasonable given the current level of volatility observed. When considering the appropriate level of sensitivity to be applied, the Board has considered both historic performance and future expectations.

The sensitivity of a 10% increase or decrease in the valuation of the fixed asset investment portfolio (keeping all other variables constant) would increase or decrease the net asset value and return for the year by £8,084,000. Further sensitivity analysis on fixed asset investments is included in note 11.

Investment risk (including investment price risk)

Investment risk (including 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 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 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 portfolio on a regular basis.

17. Capital and financial instruments risk management (continued)

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 in the Strategic report on page 9.

The maximum investment risk on the balance sheet date is the value of the fixed asset investment portfolio which is £80,842,000 (2021: £60,615,000). Fixed asset investments form 68% of the net asset value on 31 March 2022 (2021: 71%).

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

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% in all interest rates would have increased total return before tax for the year by approximately £270,000 (2021: £230,000). 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 9.8% (2021: 4.9%). The weighted average period to expected maturity for the unquoted loan stock is approximately 4.0 years (2021: 4.5 years).

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

	31 March 2022				31 March 2021			
	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	–	–	68,138	68,138	–	–	48,450	48,450
Quoted equity	–	–	1,218	1,218	–	–	–	–
Unquoted loan stock	9,934	–	1,552	11,486	11,508	–	657	12,165
Receivables*	–	–	10,699	10,699	–	–	1,751	1,751
Current liabilities	–	–	(2,704)	(2,704)	–	–	(1,418)	(1,418)
Cash	–	29,552	–	29,552	–	24,429	–	24,429
	9,934	29,552	78,903	118,389	11,508	24,429	49,440	85,377

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

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 70% 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.

17. Capital and financial instruments risk management (continued)

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 on 31 March 2022 was limited to £11,486,000 (2021: £12,165,000) of unquoted loan stock instruments, £29,552,000 (2021: £24,429,000) of cash deposits with banks and £10,725,000 (2021: £1,751,000) 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, Société Générale S.A 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% of net asset value for any one counterparty.

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

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% of its adjusted share capital and reserves of the latest published audited Balance sheet, which amounts to £11,543,000 (2021: £8,325,000) on 31 March 2022.

The Company has no committed borrowing facilities on 31 March 2022 (2021: nil) and had cash of £29,552,000 (2021: £24,429,000). 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 £2,704,000 on 31 March 2022 (2021: £1,418,000).

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

	31 March 2022				31 March 2021			
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	4,811	–	70	4,881	2,752	–	206	2,958
1-2 years	94	–	2	96	1,362	656	45	2,063
2-3 years	2,092	–	3	2,095	93	–	161	254
3-5 years	1,894	–	–	1,894	4,322	–	8	4,330
Greater than 5 years	2,520	–	–	2,520	2,560	–	–	2,560
Total	11,411	–	75	11,486	11,089	656	420	12,165

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 £544,000 (2021: £510,000).

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

In view of the availability of adequate cash balances and the repayment profile of loan stock investments, the Board considers that the Company is subject to low liquidity risk.

17. Capital and financial instruments risk management (continued)

Fair values of financial assets and financial liabilities

All the Company's financial assets and liabilities on 31 March 2022 are stated at fair value as determined by the Directors, with the exception of receivables (including debtors due after more than one year), 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

On 31 March 2022, the Company had no financial commitments (2021: £nil).

There were no contingent liabilities or guarantees given by the Company on 31 March 2022 (2021: £nil).

19. Post balance sheet events

Since 31 March 2022 the Company has had the following post balance sheet events:

- Investment of £1,037,000 in a new portfolio company;
- Investment of £668,000 in an existing portfolio company, Gravitee TopCo Limited;
- Investment of £526,000 in a new portfolio company, Ophelos Limited;
- Investment of £265,000 in an existing portfolio company, Cantab Research Limited;
- Investment of £252,000 in an existing portfolio company, Accelex Technology Limited; and
- Investment of £75,000 in an existing portfolio company, Concirrus Limited.

The following new Ordinary shares of nominal value 1 penny each were allotted under the Albion VCTs Prospectus Top Up Offers 2021/22 after 31 March 2022:

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)
11 April 2022	133,797	1	131.70	174	122.50
11 April 2022	17,745	–	132.40	23	122.50
11 April 2022	492,987	5	133.00	639	122.50
	644,529			**836**	

20. Related party transactions

Other than transactions with the Manager as disclosed in note 5, and the Directors' remuneration disclosed in the Directors' remuneration report on page 46 there are no other related party transactions or balances requiring disclosure.

Notice of Annual General Meeting

SHAREHOLDERS SHOULD TAKE NOTE THAT THIS WILL BE A VIRTUAL AGM AND FURTHER DETAILS WILL BE MADE AVAILABLE AT WWW.ALBION.CAPITAL/VCT-HUB/AGMS-EVENTS.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Albion Enterprise VCT PLC (the "Company") will be held virtually at noon on 30 August 2022 at the registered office of the Company at 1 Benjamin Street, London, EC1M 5QL for the purposes of considering and, if thought fit, passing the following resolutions, of which resolutions 1 to 10 will be proposed as ordinary resolutions and resolutions 11 to 12 will be proposed as special resolutions.

Ordinary Business

1. To receive and adopt the Company's accounts for the year ended 31 March 2022 together with the Strategic report and the reports of the Directors and Auditor.
2. To approve the Directors' remuneration report for the year ended 31 March 2022.
3. To elect Philippa Latham as a Director of the Company.
4. To re-elect Maxwell Packe as a Director of the Company.
5. To re-elect Christopher Burrows as a Director of the Company.
6. To re-elect Patrick Reeve as a Director of the Company.
7. To re-elect Rhodri Whitlock as a Director of the Company.
8. 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.
9. To authorise the Directors to agree the Auditor's remuneration.

Special Business

10. 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 £204,713 (which comprises approximately 20% 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.

11. Authority for the disapplication of pre-emption rights

That, subject to the authority and conditional on the passing of resolution number 10, the Directors be empowered, pursuant to sections 570 and 573 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 10 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.

12. Authority to purchase own shares

That, subject to and in accordance with the Company's Articles of Association, the Company be generally and unconditionally authorised, pursuant to and in accordance with section 701 of the Act, to make market purchases (within the meaning of section 693(4) of the Act) of Ordinary shares of 1 penny each in the capital of the Company ("Ordinary shares"), on such terms as the Directors think fit, provided always that:

(a) the maximum aggregate number of Ordinary shares hereby authorised to be purchased is 15,343,214 or, if lower, such number of Ordinary shares as shall equal 14.99% of the issued Ordinary share capital of the Company at the date of the passing of this resolution;

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

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

(d) the authority hereby conferred shall, unless previously revoked, varied or renewed, expire 15 months from the date that this resolution is passed or, if earlier, at the conclusion of the next Annual General Meeting; and

(e) the Company may make a contract or contracts to purchase Ordinary shares under this authority before the expiry of the authority which will or may be executed wholly or partly after the expiry of the authority, and may make a purchase of shares in pursuance of 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 5QL
30 June 2022

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 6ZY; 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 25 August 2022.

   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 25 August 2022 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 2 business days 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 25 August 2022 (or, in the event of any adjournment, on the date which is two business 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 25 August 2022. 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 provider(s) 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 provider(s) 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 'Fund reports' 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 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.

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 29 June 2022 being the latest practicable date prior to the publication of this Notice, the Company's issued share capital consists of 102,356,334 Ordinary shares with a nominal value of 1 penny each. The Company also holds 12,195,568 Ordinary shares in treasury. Therefore, the total voting rights in the Company as at 29 June 2022 are 90,160,766.

The Association of
Investment Companies

A member of the Association
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