

Annual Report and Financial
Statements for the year
ended 30 September 2009



Albion Income & Growth VCT PLC
(formerly Close Income & Growth VCT PLC)

ALBION VENTURES

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Company information

Company number	5132495
Directors	Friedrich Ternofsky, Chairman Mary Anne Cordeiro John Kerr Patrick Reeve David Watkins
Company secretary and registered office	Albion Ventures LLP 1 King's Arms Yard London EC2R 7AF
Manager	Albion Ventures LLP 1 King's Arms Yard London EC2R 7AF Tel: 020 7601 1850 Fax: 020 7601 1875 Website: www.albion-ventures.co.uk
Registrars	Capita Registrars Limited Northern House Penistone Road Fenay Bridge Huddersfield HD8 0LA
Custodian	Capita Trust Company Limited Phoenix House 7th Floor 18 King William Street London EC4N 7HE
Auditors	PKF (UK) LLP Farringdon Place 20 Farringdon Road London EC1M 3AP
Taxation adviser	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RN
Legal adviser	Berwin Leighton Paisner Adelaide House London Bridge London EC4R 9HA

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

Shareholder information	For help relating to dividend payments, shareholdings and share certificates please contact Capita Registrars Limited: Tel: 0871 664 0300 (calls cost 10p per minute plus network extras, lines are open 8.30 am – 5.30 pm Mon-Fri) Email: ssd@capitaregistrars.com Website: www.capitaregistrars.com For enquiries relating to the performance of the Fund, please contact Albion Ventures LLP: Tel: 020 7601 1850 Email: info@albion-ventures.co.uk Website: www.albion-ventures.co.uk
IFA information	Independent Financial Advisors with questions please contact Albion Ventures LLP: Tel: 08442 579 722 (calls cost 4p per minute plus network extras, lines are open 9.00 am – 5.30 pm Mon-Fri) Email: info@albion-ventures.co.uk Website: www.albion-ventures.co.uk

Investment objectives

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

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

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

Financial calendar

Annual General Meeting	5 February 2010
Record date for first dividend	4 January 2010
Payment of first dividend	1 February 2010
Announcement of half-yearly results for the six months ended 31 March 2010	May 2010
Payment of second dividend	July 2010

Financial highlights

79.6p

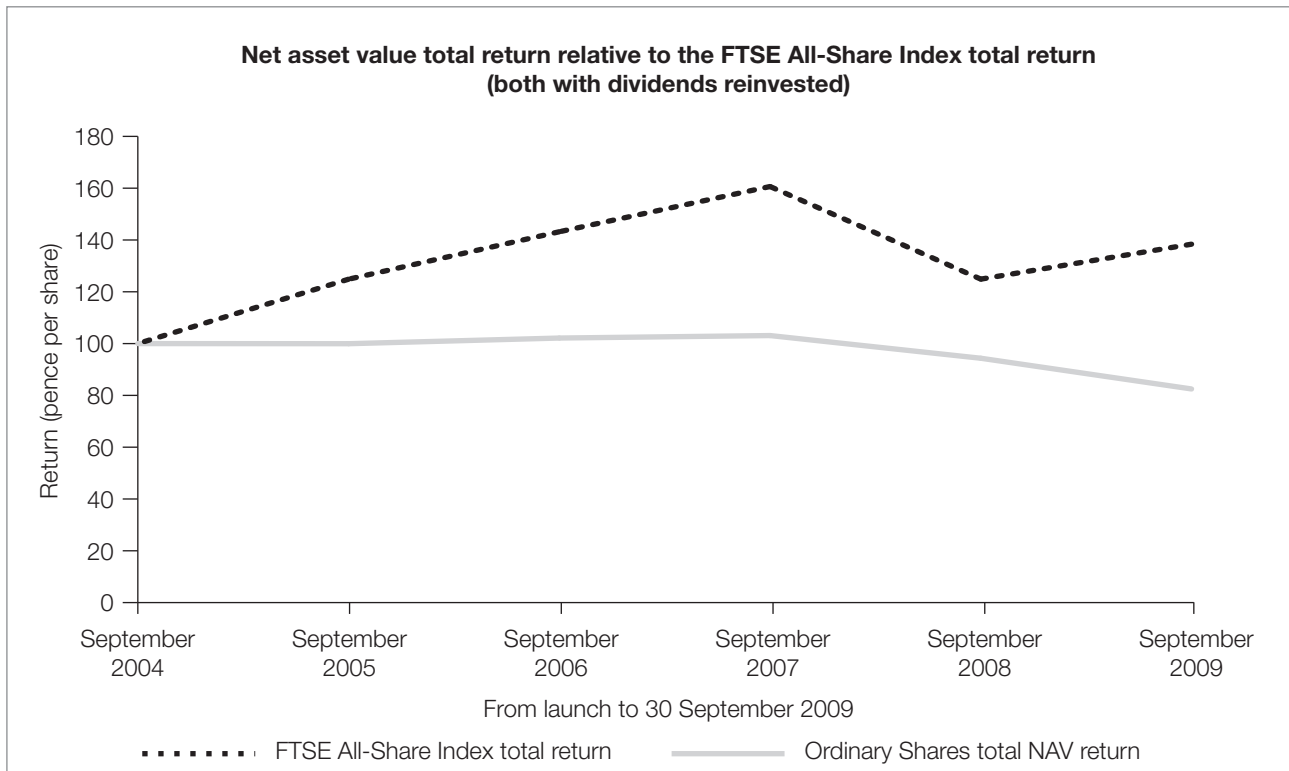
Net asset value plus dividends since launch to 30 September 2009

3.0p

Tax free dividend per share for the year to 30 September 2009

66.4p

Net asset value per share at 30 September 2009



Source: Albion Ventures LLP

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

Financial highlights continued

	30 September 2009 (pence per share)	30 September 2008 (pence per share)
Net asset value	66.40	79.73
Dividends paid	3.00	3.50
Revenue return	1.92	3.94
Capital loss	(12.86)	(11.66)

Total shareholder net asset value return to 30 September 2009:		(pence per share)
Total dividends paid during the period ended 30 September 2005 (i)		0.65
Total dividends paid during the year ended 30 September 2006		2.60
	30 September 2007	3.45
	30 September 2008	3.50
	30 September 2009	3.00
Total dividends paid to 30 September 2009		<u>13.20</u>
Net asset value as at 30 September 2009		<u>66.40</u>
Total shareholder return to 30 September 2009		<u>79.60</u>

In addition to the dividends summarised above, the Board has declared a first dividend for the new financial year of 1.25 pence per share to be paid on 1 February 2010 to shareholders on the register as at 4 January 2010.

Notes

- (i) Investors subscribing by 31 December 2004 and remaining on the register on 1 July 2005 were entitled to a dividend of 0.65 pence per share. Investors subscribing thereafter were not entitled to the first interim dividend.
- (ii) These figures exclude tax benefits upon subscription of 40 per cent. income tax relief.
- (iii) All dividends paid by the Company are free of income tax. It is an HMRC requirement that dividend vouchers indicate the tax element should dividends have been subject to income tax. Investors should ignore this figure on their dividend voucher and need not disclose any income they receive from a VCT on their tax return.
- (iv) The net asset value of the Company is not its share price as quoted on the official list of the London Stock Exchange. The share price of the Company can be found in the Investment Companies – VCTs section of the Financial Times on a daily basis. Investors are reminded that it is common for shares in VCTs to trade at a discount to their net asset value, primarily as a result of the initial tax reliefs which are non-transferable.

Chairman's statement

Introduction

The Company saw a further fall in net asset value per share over the period to 66.40 pence from 70.10 pence at 31 March 2009 and 79.73 pence at 30 September 2008. This is after the payment of a first dividend of the financial year of 1.75 pence per share and a second dividend of 1.25 pence per share. Income from the investment portfolio also fell during the year from £2.49 million to £1.38 million, much of which was due to the current very low market interest rates. Overall, this disappointing performance reflects the recessionary climate to which the UK economy is still subject.

Investment progress

Some £3.0 million was provided for against the value of the asset-based portfolio during the year, following third party professional valuations, and in line with the general decline in the commercial property market. Despite these write downs, however, the very great majority of our investments in the pub, health and fitness and cinema sectors are profitable, with profits in many cases growing compared to previous years. The growth portfolio, meanwhile, saw write downs of £2.1 million. While some companies have been affected by the recession and saw a further decline in trading during the period, certain of our investments saw a marked improvement as they began to exploit global markets through their innovative products and services. Meanwhile, a total of £3.48 million was invested in four new investee companies and twelve existing investee companies. A variety of new investment opportunities at promising valuations are under review, particularly in the healthcare sector, though the environmental sector is also likely to be an area for growth over the next period.

Risks and uncertainties

We remain cautious over the outlook for the UK economy, irrespective of the recovery in the stock market, and this continues to be the key risk affecting the Company. Nevertheless, despite pressures on certain of our investee companies, the portfolio as a whole remains cash generative and it remains our policy for investee companies to have no external bank borrowings. We therefore continue to believe that, over the longer term, the current reductions in valuation represent value deferred rather than value permanently lost.

A detailed analysis of the other risks and uncertainties facing the business is shown in the Directors' report and enhanced business review within this Annual Report and Financial Statements.

Discount management and share buy-backs

It remains the Company'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 resources for investment in existing and new investee companies, and the continued payment of dividends to shareholders. In the light of these constraints, the Company will limit the cash available for share buy-backs to up to £250,000 for the six months to 31 March 2010. Once this limit has been reached, the Board will review its policy in the light of the cash available for new investments and dividends to existing shareholders.

Results and dividends

As at 30 September 2009 the net asset value of the Company was £27.5 million or 66.40 pence per share compared to £34.0 million or 79.73 pence per share at 30 September 2008. The revenue return before taxation was £0.98 million compared to £2.13 million for the year ended 30 September 2008, the decline was a result of the current low interest rates available on cash deposits and a fall in loan stock interest income. The Company will pay a first dividend for the financial year to 30 September 2010 of 1.25 pence per share on 1 February 2010 to shareholders on the register as at 4 January 2010.

Outlook and prospects

As mentioned above, although the values within the asset-based portfolio have been written down in line with the property markets, almost all units remain profitable. These assets continue to generate income, and we believe that they have the ability to recover over the long term. Meanwhile, a number of our investee companies in our growth portfolio, are now beginning to show a significant degree of traction in the international markets within which they operate, and show longer-term potential for value creation. Your Company retains sufficient cash resources to enable the VCT to continue to take advantage of the lower valuations on new investments now becoming apparent.

Friedrich Ternofsky

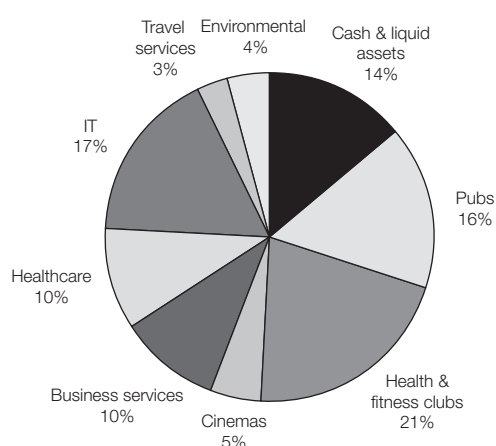
Chairman

21 December 2009

Manager's report

Albion Income & Growth VCT's investment portfolio as at 30 September 2009 is shown below. The asset-based portfolio now accounts for 42 per cent. of net assets, with the growth portfolio accounting for 44 per cent. and cash and liquid resources 14 per cent. It is anticipated going forward that the health care segment, which currently accounts for 10 per cent., will increase further, as will the environmental segment. Both of these sectors have the capacity for asset-backed as well as growth investments.

The following is the sector split of the portfolio by valuation as at 30 September 2009:



Source: Albion Ventures LLP

New investments

During the year your Company invested £0.67 million in four new investments and £2.81 million in twelve existing investments. Two of the new investments were in the healthcare sector, being Mirada Medical Limited, a buy-out from Siemens involved in medical imaging, and Forth Photonics Limited, which has a novel form of scanning for certain forms of cancers. In addition, we invested £0.52 million to acquire four landmark freehold London pubs through Geronimo Inns.

Portfolio review

Certain companies in the growth portfolio have been performing strongly. A particularly good performance was seen by Blackbay, whose mobile solutions for the logistic sector, including a substantial contract with the Post Office, have led to a sharp increase in profitability. Trading at Lowcosttravelgroup also showed substantial growth during the year with over one million customers over the past twelve months, while sales at Opta Sports Data grew by 50 per cent. Xceleron, which provides novel drug development services to the pharmaceutical industry, also saw strong growth and a welcome return to profitability. The two largest write-downs in the growth portfolio were Chichester Holdings and Evolutions Television, both of whose markets have been affected by the recession. In addition, two investments were restructured, being Vibrant Energy Surveys and Red-M; following the restructure, these are now set to move into profitability.

We have restructured some of our pub investments, resulting in an increase in income to the Company. The very great majority of our pubs are now trading profitably and, as managed pubs, have a strong competitive edge over the tenanted pubs, which remain a major feature of the UK pub sector. Again, despite the write-downs, our health and fitness clubs are profitable, in excellent locations and with stable or growing membership. However, after the year end one company went into administration, being our small investment in Riverbourne Health Club in Chertsey, resulting in the loss of 50 per cent. of our total investment of £280,000.

We continue to work with our investee companies to ensure that they are adequately funded during a difficult financial environment, and at the same time seeking to ensure that the income to the Company is maintained and, where possible, increased.

Albion Ventures LLP

Manager

21 December 2009

The Board of Directors

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

Friedrich Ternofsky (66) Chairman

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

Mary Anne Cordeiro (48) MA

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

John Kerr (67) ACMA

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

Patrick Reeve (49) MA, ACA

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

David Watkins (65) MBA (Harvard)

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

The Manager

Albion Ventures LLP, is authorised and regulated by the Financial Services Authority and is the Manager of Albion Income & Growth VCT PLC. In addition to Albion Income & Growth VCT PLC, it manages a further six venture capital trusts, and has currently total funds under management of approximately £200 million. Albion was awarded “VCT Manager of the Year” at the “Unquote” British Private Equity Awards 2009 and “VCT of the Year” at the 2009 Investor AllStar Awards.

The following are specifically responsible for the management and administration of the VCTs managed by Albion Ventures LLP, including Albion Income & Growth VCT PLC.

Patrick Reeve, (49), MA, ACA, details included in the Board of Directors section.

Isabel Dolan, (44), BSc (Hons), ACA, MBA, is Operations Partner of Albion Ventures LLP having previously been Finance Director for a number of unquoted companies. From 1993 to 1997 she was Head of Recoveries at the Specialised Lending Services of the Royal Bank of Scotland plc and from 1997 to 2001 she was at 3i plc, latterly as a Portfolio Director. She joined Albion Ventures LLP (formerly Close Ventures Limited) in 2005.

Dr Andrew Elder, (39), MA, FRCS. After qualifying as a surgeon he practised for six years, specialising in neurosurgery before joining the Boston Consulting Group as a consultant in 2001, specialising in healthcare strategy. He joined Albion Ventures LLP (formerly Close Ventures Limited) in 2005.

Will Fraser-Allen, (39), BA (Hons), ACA, is Deputy Managing Partner of Albion Ventures LLP, having qualified as a chartered accountant with Cooper Lancaster Brewers in 1996 before specialising in corporate finance and investigation. He joined Albion Ventures LLP (formerly Close Ventures Limited) in 2001.

Emil Gigov, (39), BA (Hons), ACA, qualified as a chartered accountant with KPMG in 1997 and subsequently worked in KPMG's corporate finance division working on the media, marketing and leisure sectors. He joined Albion Ventures LLP (formerly Close Ventures Limited) in 2000.

David Gudgin, (37), BSc (Hons), ACMA, after working for ICL from 1993 to 1999 where he qualified as an accountant, he joined 3i plc as an investment manager based in London and Amsterdam. In 2002 he joined Foursome Investments, the venture capital arm of the Englehorn family, responsible

for investing an evergreen fund of US\$80 million. He joined Albion Ventures LLP (formerly Close Ventures Limited) in 2004.

Ed Lascelles, (34), BA (Hons), joined the corporate broking department of Charterhouse Securities in 1998 focusing on primary and secondary equity fundraisings. He then moved to the corporate finance department of ING Barings in 2000, retaining his focus on smaller UK companies. He joined Albion Ventures LLP (formerly Close Ventures Limited) in 2004.

Henry Stanford, (44), MA, ACA, qualified as a chartered accountant with Arthur Andersen before joining the corporate finance division of Close Brothers Group plc in 1992. He became an assistant director in 1996 and transferred to Albion Ventures LLP (formerly Close Ventures Limited) in 1998 to concentrate on VCT investment.

Robert Whitby-Smith, (35), BA (Hons), MSI, ACA, qualified as a chartered accountant with KPMG in their corporate finance division. From 2000 to early 2005 he worked in the UK corporate finance departments of Credit Suisse First Boston and subsequently ING Barings, where he was a vice president. He joined Albion Ventures LLP (formerly Close Ventures Limited) in 2005.

Michael Kaplan, (33), BA, MBA. After graduating from the University of Washington in 1999 with a BA in International Finance, he joined Marakon Associates as an Analyst. In 2000, he became the Chief Financial Officer of Widevine Technologies, a security software company based in Seattle. After graduation with his MBA from INSEAD, in 2004 he joined the Boston Consulting Group focusing on the retail and financial services industries. He joined Albion Ventures LLP (formerly Close Ventures Limited) in 2007.

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

Portfolio of investments

The following is a summary of qualifying fixed asset investments as at 30 September 2009:

			As at 30 September 2009			As at 30 September 2008			Change in carrying/fair value for the year net of investments/exits in the year** £'000
			Investment at cost £'000	Cumulative movement in carrying/fair value £'000	Total carrying/fair value £'000	Investment at cost £'000	Cumulative movement in carrying/fair value £'000	Total carrying/fair value £'000	
Qualifying investments	% voting rights	% voting rights of AVL* managed companies							
Asset-based unquoted investments									
The Weybridge Club Limited	18.5	50.0	3,000	(382)	2,618	3,000	(99)	2,901	(283)
Kensington Health Clubs Limited	13.4	50.0	3,000	(1,278)	1,722	2,003	(284)	1,719	(994)
The Charnwood Pub Company Limited	10.3	50.0	2,914	(1,217)	1,697	2,814	(538)	2,276	(679)
Tower Bridge Health Clubs Limited	17.2	50.0	1,375	(89)	1,286	1,375	26	1,401	(115)
Bravo Inns II Limited	9.8	49.6	1,110	(72)	1,038	1,000	(3)	997	(69)
CS (Brixton) Limited	16.7	50.0	650	72	722	650	69	719	3
Bravo Inns Limited	12.7	50.0	1,130	(524)	606	1,130	(318)	812	(206)
The Dunedin Pub Company VCT Limited	15.4	50.0	786	(391)	395	770	(237)	533	(154)
Geronimo Inns VCT I Limited	3.0	50.0	260	3	263	-	-	-	-
Geronimo Inns VCT II Limited	3.0	50.0	260	3	263	-	-	-	-
Premier Leisure (Suffolk) Limited	12.3	50.0	1,000	(741)	259	1,000	(538)	462	(203)
GB Pub Company VCT Limited	16.6	50.0	659	(411)	248	763	(303)	460	(108)
CS (Exeter) Limited	15.6	50.0	250	(8)	242	250	(56)	194	48
CS (Norwich) Limited	20.0	50.0	320	(105)	215	320	(72)	248	(33)
Riverbourne Health Club Limited	14.0	50.0	280	(242)	38	280	(15)	265	(227)
Total asset-based unquoted investments			16,994	(5,382)	11,612	15,355	(2,368)	12,987	(3,020)

* Albion Ventures LLP

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

Portfolio of investments continued

			As at 30 September 2009			As at 30 September 2008			Change in carrying/fair value for the year net of investments/exits in the year** £'000
			% voting rights	% voting rights of AVL* managed companies	Investment at cost £'000	Cumulative movement in carrying/fair value £'000	Total carrying/fair value £'000	Investment at cost £'000	
Qualifying investments									
High growth investments									
Blackbay Limited	14.1	32.9	1,550	543	2,093	1,650	145	1,795	398
Xceleron Limited	21.7	45.1	2,010	(120)	1,890	1,625	(258)	1,367	138
Evolutions Television Limited	14.9	49.9	2,755	(1,238)	1,517	2,172	111	2,283	(767)
Chichester Holdings Limited	15.2	50.0	1,699	(820)	879	1,699	201	1,900	(1,021)
RFI Global Services Limited	12.8	27.0	1,064	(208)	856	950	(380)	570	172
Lowcosttravelgroup Limited	12.0	26.0	1,560	(767)	793	1,560	(847)	713	80
Helveta Limited	9.7	28.6	921	(165)	756	584	(108)	476	(57)
Dexela Limited	7.6	34.8	565	18	583	565	18	583	–
Mi-Pay Limited	9.2	38.5	741	(160)	581	430	(186)	244	26
Rostima Limited	11.8	33.8	999	(516)	483	726	(157)	569	(359)
Point 35 Microstructures Limited	7.6	28.1	572	(184)	388	572	(187)	385	3
Opta Sports Data Limited	2.7	14.0	290	25	315	290	12	302	13
Oxsensis Limited	6.2	22.3	570	(285)	285	570	–	570	(285)
Process Systems Enterprise Limited	3.5	15.9	440	(219)	221	440	(58)	382	(161)
Red-M Wireless Limited	25.3	40.8	186	–	186	654	(463)	191	(86)
Prime Care Holdings Limited	3.3	48.5	159	6	165	110	–	110	7
Forth Photonics Limited	0.9	12.2	105	–	105	–	–	–	–
Vibrant Energy Assessors Limited	5.0	50.0	58	2	60	135	(14)	121	(148)
Mirada Medical Limited	3.3	45.0	37	–	37	–	–	–	–
Palm Tree Technology Limited	0.5	0.7	235	(200)	35	235	(117)	118	(83)
Total high growth investments			16,516	(4,288)	12,228	14,967	(2,288)	12,679	(2,130)
Total qualifying fixed asset investments			33,510	(9,670)	23,840	30,322	(4,656)	25,666	(5,150)

* Albion Ventures LLP

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

Portfolio of investments continued

The following is a summary of the non-qualifying fixed and current asset investments as at 30 September 2009:

			As at 30 September 2009			As at 30 September 2008			Change in carrying/fair value for the year net of investments/exits in the year** £'000
			Investment at cost £'000	Cumulative movement in carrying/fair value £'000	Total carrying/fair value £'000	Investment at cost £'000	Cumulative movement in carrying/fair value £'000	Total carrying/fair value £'000	
Non-qualifying investments	% voting rights	% voting rights of AVL* managed companies							
Kensington Health Clubs Limited	–	–	44	(6)	38	–	–	–	–
Total non-qualifying fixed asset investments			44	(6)	38	–	–	–	–


	As at 30 September 2009			As at 30 September 2008			Change in carrying/fair value for the year net of investments/exits in the year** £'000
	Investment at cost £'000	Cumulative movement in carrying/fair value £'000	Total carrying/fair value £'000	Investment at cost £'000	Cumulative movement in carrying/fair value £'000	Total carrying/fair value £'000	
Non-qualifying current asset investments							
Rabobank Floating Rate Note 29/07/2010	2,500	3	2,503	5,000	(26)	4,974	29
Total non-qualifying current asset investments	2,500	3	2,503	5,000	(26)	4,974	29


* Albion Ventures LLP


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


Portfolio companies

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

The Weybridge Club Limited			
The company owns a 30 acre freehold site near to the centre of Weybridge, Surrey, which has been developed into a premium health and fitness club. The club opened in May 2007 and membership is now approaching 3,000 members. The Company generates significant operating profits and both revenue and profits continue to grow.			
	Audited results:	Investment information	AAIG* VCT only
	year to 31 August 2008		£'000
	£'000		
Turnover	1,312	Income recognised in the year	27
Net assets	389	Total cost	3,000
Basis of valuation:	Net asset value supported by third party valuation	Total valuation	2,618
		Voting rights	18.5 per cent.
Other funds (including AAIG) managed and advised by Albion Ventures LLP have invested £8,334,000 into the company and the current total valuation is £7,427,000. Their combined equity holding in the company is 50.0 per cent.			
Website: www.theweybridgeclub.com			

Blackbay Limited			
The company provides enterprise mobility solutions mainly for the postal logistics and field service sectors. Despite the difficult economic environment, the company is expected to achieve 20 per cent. revenue growth in the year to 31 December 2009 and to double its operating profit. Contracted revenues for future years have also grown strongly.			
	Audited results:	Investment information	AAIG* VCT only
	year to 31 December 2008		£'000
	£'000		
As a small company, Blackbay only files and publishes abbreviated reports to Companies House		Income recognised in the year	208
Net liabilities	(558)	Total cost	1,550
Basis of valuation:	Earnings multiple	Total valuation	2,093
		Voting rights	14.1 per cent.
Other funds (including AAIG) managed and advised by Albion Ventures LLP have invested £3,615,000 into the company and the current total valuation is £4,906,000. Their combined equity holding in the company is 32.9 per cent.			
Website: www.blackbay.com			

Xceleron Limited			
The company is a provider of drug development services to the life-science industries.			
	Audited results: 17 months	Investment information	AAIG* VCT only
	to 31 December 2008		£'000
	£'000		
Turnover	6,043	Income recognised in the year	31
Loss before interest	(3,353)	Total cost	2,010
Net liabilities	(438)	Total valuation	1,890
Basis of valuation:	Price of recent investment	Voting rights	21.7 per cent.
Other funds (including AAIG) managed and advised by Albion Ventures LLP have invested £4,175,000 into the company and the current total valuation is £3,675,000. Their combined equity holding in the company is 45.1 per cent.			
Website: www.xceleron.com			

Kensington Health Clubs Limited			
This company has developed a 29,000 square foot health and fitness club on a 999 year lease in West London which opened in December 2007. There are currently approximately 2,500 members.			
	Latest audited results:	Investment information	AAIG* VCT only
	year to 30 September 2008		£'000
	£'000		
Turnover	1,169	Income recognised in the year	30
Loss before interest	(352)	Total cost	3,000
Net assets	1,311	Total valuation	1,722
Basis of valuation:	Net asset value supported by third party valuation	Voting rights	13.4 per cent.
Other funds (including AAIG) managed and advised by Albion Ventures LLP have invested £11,697,000 into the company and the current total valuation is £6,852,000. Their combined equity holding in the company is 50.0 per cent.			
Website: www.thirtysevendegrees.co.uk/olympia			

The Charnwood Pub Company Limited			
The company is a pub company which owns and operates 13 freehold public houses in central England.			
	Latest audited results:	Investment information	AAIG* VCT only
	year to 31 October 2008**		£'000
	£'000		
Turnover	563	Income recognised in the year	5
Profit before interest	28	Total cost	2,914
Net liabilities	(6)	Total valuation	1,697
Basis of valuation:	Net asset value supported by third party valuation	Voting rights	10.3 per cent.
Other funds (including AAIG) managed and advised by Albion Ventures LLP have invested £15,051,000 into the company and the current total valuation is £8,225,000. Their combined equity holding in the company is 50.0 per cent.			
** The audited results relate to the two initially acquired sites. The company has subsequently acquired a further eleven sites.			
Website: www.charnwoodpubco.co.uk			

Portfolio companies continued

Evolutions Television Limited



The company is a television post production business providing post production services, including video and sound editing and automation, to a broad range of production companies. It operates from a freehold building in Oxford Street, London and three leasehold premises nearby.

	Latest audited results: period to 28 June 2008 £'000	Investment information	AAIG* VCT only £'000
Turnover	9,821	Income recognised in the year	138
Profit before interest	704	Total cost	2,755
Net assets	1,328	Total valuation	1,517
Basis of valuation:	Net asset value supported by third party valuation of freehold property	Voting rights	14.9 per cent.

Other funds (including AAIG) managed and advised by Albion Ventures LLP have invested £7,204,000 into the company and the current total valuation is £4,997,000. Their combined equity holding in the company is 49.9 per cent.

Website: www.evolutions.tv

Chichester Holdings Limited

Part of Compass Group Limited

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

	Latest audited results: year to 30 June 2008 £'000	Investment information	AAIG* VCT only £'000
Turnover	24,774	Income recognised in the year	155
Profit before interest	1,216	Total cost	1,699
Net assets	1,002	Total valuation	879
Basis of valuation:	Earnings multiple	Voting rights	15.2 per cent.

Other funds (including AAIG) managed and advised by Albion Ventures LLP have invested £4,999,000 into the company and the current total valuation is £2,501,000. Their combined equity holding in the company is 50.0 per cent.

Website: www.compass-group.co.uk

Tower Bridge Health Clubs Limited



The company has developed and operates a health and fitness club in the More London development in central London. There are approximately 3,000 members.

	Latest audited results: year to 30 September 2008 £'000	Investment information	AAIG* VCT only £'000
Turnover	3,042	Income recognised in the year	132
Profit before interest	145	Total cost	1,375
Net liabilities	(178)	Total valuation	1,286
Basis of valuation:	Net asset value supported by third party valuation	Voting rights	17.2 per cent.

Other funds (including AAIG) managed and advised by Albion Ventures LLP have invested £3,400,000 into the company and the current total valuation is £3,119,000. Their combined equity holding in the company is 50.0 per cent.

Website: www.thirtysixdegrees.co.uk/towerbridge

Bravo Inns II Limited



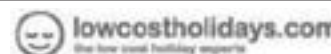
The company was formed in September 2007 and has acquired 15 freehold pubs in the North of England.

	Latest audited results: year to 31 March 2008** £'000	Investment information	AAIG* VCT only £'000
Turnover	–	Income recognised in the year	105
Loss before interest	(10)	Total cost	1,110
Net assets	328	Total valuation	1,038
Basis of valuation:	Net asset value supported by third party valuation	Voting rights	9.8 per cent.

Other funds (including AAIG) managed and advised by Albion Ventures LLP have invested £5,380,000 into the company and the current total valuation is £5,156,000. Their combined equity holding in the company is 49.6 per cent.

** The audited results cover a period where two sites had been acquired and had not yet traded during their refurbishment.

Lowcosttravelgroup Limited



The company is an online travel company specialising in beach holidays and the provision of transfer.

	Latest audited results: year to 31 October 2008** £'000	Investment information	AAIG* VCT only £'000
Total transaction value	50,732	Income recognised in the year	17
Turnover	8,052	Total cost	1,560
Profit before tax	457	Total valuation	793
Net assets	1,352	Voting rights	12.0 per cent.
Basis of valuation:	Earnings multiple		

Other funds (including AAIG) managed and advised by Albion Ventures LLP have invested £3,400,000 into the company and the current total valuation is £1,805,000. Their combined equity holding in the company is 26.0 per cent.

** The company is not yet required to issue audited financial accounts. We have therefore disclosed the results of the main operating subsidiary.

Website: www.lowcostholidays.com

*AAIG is Albion Income & Growth VCT PLC

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

Directors' report and enhanced business review

The Directors submit their Annual Report and the audited Financial Statements on the affairs of Albion Income & Growth VCT PLC (the "Company") for the year ended 30 September 2009.

BUSINESS REVIEW

Principal activity and status

The principal activity of the Company is that of a Venture Capital Trust. It was approved by H.M. Revenue & Customs as a Venture Capital Trust in accordance with Part 6 of the Income Taxes Act 2007 and in the opinion of the Directors, the Company has conducted its affairs so as to enable it to continue to obtain such approval. Approval for the year ended 30 September 2009 is subject to review should there be any subsequent enquiry under corporation tax self assessment.

The Company is not a close company for taxation purposes.

The Company is an investment company as defined in Section 833 of the Companies Act 2006 and is listed on The London Stock Exchange.

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

Capital structure

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

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

The Company currently operates a Dividend Reinvestment Scheme, details of which can be found on www.albion-ventures.co.uk under the 'Our Funds' section. During the year, the Company issued 85,373 new Ordinary shares under the Dividend Reinvestment Scheme, details of which can be found in note 16.

Investment policy

The Company's investment strategy is to provide investors with a regular and predictable source of income combined

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

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

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

Venture Capital Trust status

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

- (1) The Company's income must be derived wholly or mainly from shares and securities;
- (2) At least 70 per cent. of the HMRC value of its investments must have been represented throughout the year by shares or securities that are classified as 'qualifying holdings';
- (3) At least 30 per cent. by HMRC value of its total qualifying holdings must have been represented throughout the year by holdings of 'eligible shares';
- (4) At no time during the year must the Company's holdings in any one company (other than another VCT) have exceeded 15 per cent. by HMRC value of its investments;
- (5) The Company must not have retained greater than 15 per cent. of its income earned in the year from shares and securities;
- (6) Eligible shares must comprise at least 10 per cent. by HMRC value of the total of the shares and securities that the Company holds in any one investee company; and

Directors' report and enhanced business review continued

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

These tests drive a spread of investment risk through disallowing holdings of more than 15 per cent. in one investee company. The tests have been carried out and independently reviewed for the year ended 30 September 2009. The Company has complied with all tests and continues to do so.

'Qualifying holdings', for Albion Income & Growth VCT PLC include shares or securities (including loans with a five year or greater maturity period) in companies which operate a 'qualifying trade' wholly or mainly in the United Kingdom. 'Qualifying trade' excludes, amongst other sectors, dealing in property or shares and securities, insurance, banking, agriculture, and operating or managing hotels or residential care homes. Details of the sectors in which the Company is invested in can be found in the pie chart on page 7 of the Manager's report.

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

The Company continues to comply with HMRC rules in order to maintain its status under Venture Capital Trust legislation as highlighted on page 15.

Gearing

As defined by the Articles of Association, the Company's maximum exposure in relation to gearing is restricted to 10 per cent. of the adjusted share capital and reserves of the audited balance sheet. As at 30 September 2009, the Company's maximum exposure was £2,753,000 (2008: £3,403,000) and its actual short term and long term gearing at this date was £nil (2008: £nil). The Directors do not currently have any intention to utilise long term gearing.

Current portfolio sector allocation

The pie chart on page 7 of the Manager's report graphically represents the split of the portfolio valuation by industrial or commercial sector as at 30 September 2009. Details of the principal investments made by the Company are shown in the Portfolio of investments on pages 10 and 11. Asset-based investments now represent 49.0 per cent. of the portfolio excluding cash and cash equivalents (2008: 50.6 per cent.).

Review of business and future changes

A detailed review of the Company's business during the year and future prospects is contained in the Chairman's

statement on page 6 and Manager's report on page 7. Details of related party transactions are shown in note 22.

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

Operational arrangements

The Company has delegated the investment management of the portfolio to Albion Ventures LLP, which is authorised and regulated by the Financial Services Authority. Albion Ventures LLP also provides company secretarial and other accounting and administrative support to the Company. Further details regarding the terms of engagement of the Manager are shown on page 19.

Results and dividends

	£'000
Net revenue return for the year ended 30 September 2009	807
Revenue dividend of 1.75 pence per share paid on 2 February 2009	(739)
Revenue dividend of 1.25 pence per share paid on 3 July 2009	(524)
Transferred to revenue reserves	<u>(456)</u>
Transferred to capital reserves	<u>(5,413)</u>
Net assets as at 30 September 2009	<u>27,533</u>
Net asset value per share as at 30 September 2009 (pence)	<u>66.40</u>

The Company paid dividends of 3.0 pence per share (2008: 3.5 pence) during the year ended 30 September 2009.

As shown in the Company's Income statement on page 30 of the Financial Statements, the investment income has decreased to £1,377,000 (2008: £2,491,000) due to bank and floating rate note interest income reducing and the fall in loan stock interest income. The revenue return to equity holders has decreased to £807,000 (2008: £1,744,000) due to the fall in income, which has been partially offset by the recovery of VAT and a fall in management fees.

The capital return for the year was a loss of £5,413,000 (2008: loss £5,161,000). Losses in the year are mainly attributable to the unrealised devaluations in the Company's investment portfolio due to the current economic climate, and the capitalisation of management fees.

Directors' report and enhanced business review continued

The total return per share was a loss of 10.9 pence per share (2008: loss 7.7 pence per share).

The Balance sheet on page 31 of the Financial Statements shows that the net asset value has decreased over the last year to 66.4 pence per share (2008: 79.7 pence per share). The fall in net asset value can be attributed to the dividends paid in the year and the trading factors described above.

The cash flow from the business has been an outflow of £1,878,000 (2008: inflow £2,076,000) reflecting the cash inflow from operations of £1,059,000 offset by the dividends paid and investments made during the year. Additional liquidity has been provided by the sale of a floating rate note during the year.

Key Performance Indicators

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

The total expense ratio for the year to 30 September 2009 excluding the effect of the recognition of recoverable VAT on historic management fees was 3.5 per cent. (2008: 3.9 per cent.). The total expense ratio for the year to 30 September 2009 was 3.3 per cent (2008: 2.3 per cent.), taking into account the one off recognition of recoverable VAT due on historic management fees.

Share buy-backs

The Company operates a policy of buying back shares either for cancellation or for holding in Treasury. Details regarding the current policy can be found on page 6 of the Chairman's statement. During the year, the Company purchased 1,280,656 shares (2008: 2,497,912 shares) for Treasury at a cost of £677,000 (including stamp duty) (2008: £1,974,000).

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

Principal risks and uncertainties

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

1. *Investment risk*

This is the risk of investment in poor quality assets which reduces the capital and income returns to shareholders, and negatively impacts on the

Company's reputation. By nature, smaller unquoted businesses, such as those that qualify for venture capital trust purposes are more fragile than larger, long established businesses.

To reduce this risk, the Board places reliance upon the skills and expertise of the Manager and their strong track record for investing in this segment of the market. The Company's policy is to lower investment risk by investing part of the portfolio in asset-based businesses taking a first charge over the relevant assets. In addition, the Manager operates a formal and structured investment process, which includes an Investment Committee, comprising investment professionals from the Manager and external investment professionals. The Manager also invites comments from all non-executive Directors of funds managed by Albion Ventures LLP on investments discussed at the Investment Committee meetings. Investments are actively and regularly monitored by the Manager (investment managers normally sit on investee company boards) and the Board receives detailed reports on each investment as part of the Manager's report at quarterly board meetings.

2. *Venture Capital Trust approval risk*

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

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

3. *Compliance risk*

The Company is listed on The London Stock Exchange and is required to comply with the rules of the UK Listing Authority, as well as with the Companies Act, Accounting Standards and other legislation. Failure to

Directors' report and enhanced business review continued

comply with these regulations could result in a delisting of the Company's shares, or other penalties under the Companies Act or from financial reporting oversight bodies.

Board members and the Manager have experience of operating at senior levels within quoted businesses. In addition, the Board and the Manager receive regular updates on new regulation from its auditors, lawyers and other professional bodies.

4. *Internal control risk*

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

The Audit Committee will meet with the Manager's internal auditors, Littlejohn at least once a year, receiving a report regarding the last formal internal audit performed on the Manager, and providing the opportunity for the Audit Committee to ask specific and detailed questions. In the past year the Board has met with the Head of Internal Audit of Close Brothers Group on a similar basis. The Manager has a comprehensive business continuity plan in place in the event that operational continuity is threatened. Further details regarding the Board's management and review of the Company's internal controls through the implementation of the Turnbull guidance are detailed on page 25.

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

5. *Reliance upon third parties risk*

The Company is reliant upon the services of Albion Ventures LLP for the provision of investment management and administrative functions. There are provisions within the management agreement for the change of Manager under certain circumstances (for more detail, see the management agreement paragraph on page 19). In addition, the Manager has demonstrated to the Board that there is no undue reliance placed upon any one individual within Albion Ventures LLP.

6. *Financial risks*

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

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

Environment

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

Employees

The Company is managed by Albion Ventures LLP and hence has no employees other than its Directors.

Directors

The Directors who held office throughout the year, and their interests in the shares of the Company (together with those of their immediate family) are shown below:

	Shares held as at 30 September 2009	Shares held as at 30 September 2008
Friedrich Ternofsky	10,000	10,000
Mary Anne Cordeiro	4,164	4,000
John Kerr	6,000	6,000
David Watkins	5,000	5,000
Patrick Reeve	200,000	200,000

There have been no changes in the holdings of the Directors between 30 September 2009 and the date of this Report.

No Director has a service contract with the Company.

Mr Reeve is Managing Partner of Albion Ventures LLP, the Manager, and is deemed to have an interest in the management contract and management performance incentive to which the Company is a party.

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

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

Directors' report and enhanced business review continued

Directors' indemnity

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

Re-election of Directors

Directors' retirement and re-election is subject to the Articles of Association and the Combined Code on Corporate Governance. At the forthcoming Annual General Meeting, David Watkins and John Kerr will retire and offer themselves for re-election.

Management agreement

Under the terms of the agreement dated 2 August 2004, the Company and Close Ventures Limited entered into a management agreement which may be terminated by either party on 12 months' notice. This agreement was novated to Albion Ventures LLP on 23 January 2009. The Manager will provide the investment management, company secretarial and administrative services to the Company, for a fee payable quarterly in arrears on 1 January, 1 April, 1 July and 1 October in each year, of an amount equal to 2.5 per cent. of the net asset value of the Company. The management agreement is subject to earlier termination in the event of certain breaches, or on the insolvency of either party.

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

Under the terms of the management agreement, the total management and administration expenses of the Company, inclusive of any net irrecoverable VAT, but not including any Manager's performance incentive fee, are limited to a maximum of 3.5 per cent. of the value of the Company's net assets. Any excess will either be paid by the Manager, or refunded by way of deduction of management fees.

Management performance incentive

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

The target level requires returns to exceed a minimum compound level of 8 per cent. per annum (comprising

dividends and net asset value). If the target is achieved the Manager is entitled to 20 per cent. of the excess. For the year to 30 September 2009, no incentive fee became due to the Manager (2008: £nil).

Evaluation of the Manager

The Board through the Audit Committee has evaluated the performance and remuneration of the Manager based on the returns generated by the Company, the maintenance of the 70 per cent. investment requirement for Venture Capital Trust status, the long term prospects of the current investments, a review of the management agreement and the services provided therein, and by benchmarking the performance and remuneration of the Manager to other service providers. The Board believes that it is in the interests of shareholders as a whole, and of the Company, to continue the appointment of the Manager for the forthcoming year.

Valuation of investments

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

Investment and co-investment

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

Auditors

The auditors, PKF (UK) LLP have indicated their willingness to continue as auditors to Albion Income & Growth VCT PLC. A resolution to re-appoint PKF (UK) LLP as the Company's auditors will be proposed at the forthcoming Annual General Meeting.

Substantial interests

As at 30 September 2009 and at the date of this report, the Company was not aware of any beneficial interest exceeding

Directors' report and enhanced business review continued

3 per cent. of the issued share capital, and there have been no disclosures in accordance with Disclosure and Transparency Rule 5 made to the Company during the year ended 30 September 2009, and to the date of this report.

The shareholder profile of the fund as at 21 December 2009 is as follows:

Number of shares held	% shareholders	% share capital
1 – 10,000	61.7	17.9
10,001 – 50,000	32.7	42.3
50,001 – 100,000	4.1	16.9
100,001 – 500,000	1.3	10.9
500,001 – 1,000,000	0.1	3.3
1,000,001 – 5,000,000	0.1	8.7

The Board welcomes the views of shareholders, and has actively sought shareholder opinion in the year. Questionnaires were sent to all shareholders and a 21 per cent. response rate (by number of shareholders) was achieved. Of these shareholders, 79 per cent. were satisfied or very satisfied with the returns on the Company, 64 per cent. intended to hold their shares indefinitely, and dividend yield was ranked as the most common feature that investors were looking for in a Venture Capital Trust. The Board wishes to thank shareholders who took part in the survey and will bear in mind the findings. The full survey results are available to view on the Manager's website at www.albion-ventures.co.uk under the 'Our Funds' section.

Statement of Directors' responsibilities for the preparation of Company Financial Statements

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

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

Company for that period. In preparing these Financial Statements the Directors are required to:

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

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the Financial Statements and other information included in annual reports may differ from legislation in other jurisdictions.

The Directors confirm, to the best of their knowledge:

- that the Financial Statements, which have been prepared in accordance with UK Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and loss of the Company; and
- that the management report included within the Chairman's statement, Manager's report and Director's report and enhanced business review includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

The names and functions of all the Directors are stated on page 8.

Directors' report and enhanced business review continued

Disclosure of information to auditors

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

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

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

Supplier payment policy

The Company's policy is to pay all supplier invoices within 30 days of the invoice date, or as otherwise agreed. The creditor days as at 30 September 2009 were six days (2008: nil). There were no overdue trade creditors at 30 September 2009 (2008: nil).

Annual General Meeting

The Annual General Meeting will be held at City of London Club, 19 Old Broad Street, London EC2N 1DS at 12 noon on 5 February 2010. The notice of the Annual General Meeting is at the end of this document.

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

The summary of proxies lodged at the Annual General Meeting will be published at www.albion-ventures.co.uk within the 'Our Funds' section by clicking on Albion Income & Growth VCT PLC.

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

Power to allot shares

Resolution number 7 will request the authority to allot up to an aggregate nominal amount of £2,073,953 representing approximately 10 per cent. of the issued Ordinary share capital of the Company (excluding shares held in treasury) as at 30 September 2009.

The Directors do not currently have any intention to allot shares, with the exception of the Dividend Reinvestment Scheme and reissuing treasury shares where it is in the Company's interest to do so. The Company currently holds 3,932,649 treasury shares representing 8.7 per cent. of the total Ordinary share capital in issue as at the date of this report.

This resolution replaces the authority given to the Directors at the Annual General Meeting in 2009. The authority sought at the forthcoming Annual General Meeting will expire on 5 August 2011.

Dis-application of pre-emption rights

Special resolution number 8 will request authority for 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 sought at the Annual General Meeting will expire on 5 August 2011. Members will note that this resolution also applies to treasury shares.

Purchase of own shares

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

The authority sought at the Annual General Meeting will expire 18 months from the date this resolution is passed or at the conclusion of the next Annual General Meeting of the Company, whichever is the earlier. Shares bought back under this authority may be cancelled and up to 10 per cent. can be held in treasury.

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

This resolution would renew the 2009 authority, which was in similar terms. During the financial year under review, the Company purchased 1,280,656 shares of 50 pence each for treasury at an aggregate consideration of £677,000 including stamp duty representing 2.8 per cent. of the issued share capital of the Company as at 30 September 2009.

Treasury shares

Under the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 (the "Regulations"), shares purchased by the Company out of distributable profits can be held as treasury shares, which may then be cancelled or sold for cash. The authority sought by resolution number 9,

Directors' report and enhanced business review continued

as a special resolution, is intended to apply equally to shares to be held by the Company as treasury shares in accordance with the Regulations. These powers are intended to permit Directors to sell treasury shares at a price not less than that at which they were purchased.

Recommendation

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

By Order of the Board

Albion Ventures LLP

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

21 December 2009

Statement of corporate governance

Background

The Financial Services Authority requires all listed companies to disclose how they have applied the principles and complied with the provisions of the Combined Code issued by the Financial Reporting Council ("FRC") in July 2003 ("the Code") and updated in June 2006 and June 2008.

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

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

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

Application of the Principles of the Code

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

Board of Directors

The Board consists of all non-executive and two independent Directors.

Since all Directors are non-executive and day-to-day management responsibilities are sub-contracted to the Manager, the Company does not have a Chief Executive Officer.

Mr Ternofsky is the Chairman and is considered an independent director. Ms Cordeiro is the Senior Independent Director. Mr Watkins and Mr Kerr are directors of Albion Venture Capital Trust PLC, a venture capital trust also managed by Albion Ventures LLP, the Manager. John Kerr is also an external member of the Manager, Albion Ventures LLP's investment committee. Mr Reeve who is Managing Partner of Albion Ventures LLP, the Manager, is deemed to have an interest in the management contract and

management performance incentive to which the Company is a party and is therefore not considered an independent director. Under the Listing Rules, with effect from October 2010 the Company will be required to have an independent Chairman and a majority of independent Directors, where to be independent, a Director cannot serve on the Board of more than one Company managed by the Manager. The Board is keeping this under review and will report on this in the coming year.

The Directors have a range of business and financial skills which are relevant to the Company; these are described in the Board of Directors section of this Report, on page 8. Directors are provided with key information on the Company's activities, including regulatory and statutory requirements, and internal controls, by the Manager. The Board has direct access to secretarial advice and compliance services by the Manager, who is responsible for ensuring that Board procedures are followed and applicable procedures complied with. All Directors are able to take independent professional advice in furtherance of their duties if necessary. In accordance with the Combined Code, the Company has in place Directors' & Officers' Liability Insurance.

The Board met five times during 2009 as part of its regular programme of Board meetings. All of the Directors attended each meeting. A sub-committee of the Board comprising of John Kerr, Mary Anne Cordeiro and Patrick Reeve met three times during the year to allot shares issued under the Dividend Reinvestment Scheme, and agree the novation of the management agreement to Albion Ventures LLP (which had been agreed in principle at a full Board Meeting previously).

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

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

- the consideration and approval of future developments or changes to the investment policy, including risk and asset allocation;

Statement of corporate governance continued

- consideration of corporate strategy;
- application of the principles of the Combined Code, corporate governance and internal controls;
- review of sub-committee recommendations, including the recommendation to shareholders for the appointment and remuneration of auditors;
- approval of the appropriate dividend to be paid to shareholders;
- the appointment, evaluation, removal and remuneration of the Manager;
- the performance of the Company, including monitoring of the discount of the net asset value and the share price;
- share buy-back and treasury policy; and
- monitoring shareholder profile and considering shareholder communications.

Committees' and Directors' performance evaluation

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

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

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

Directors are offered training, both at the time of joining the Board and on other occasions where required. The Board also undertakes a proper and thorough evaluation of its committees on an annual basis.

In light of the structured performance evaluation, the performance of David Watkins and John Kerr, both of whom are subject to re-election at the forthcoming Annual General Meeting, is considered by the remainder of the Board to be effective and reflects their strong commitment to the role, and on this basis they are recommended for re-election.

Remuneration committee

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

Audit Committee

The Audit Committee consists of all Directors excluding Mr Patrick Reeve. Mr Kerr is Chairman of the Audit Committee. In accordance with the Code, the members of the Audit Committee have recent and relevant financial experience. The Committee met twice during the year ended 30 September 2009; all members attended.

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

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

Statement of corporate governance continued

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

- formally reviewing the final Annual Report and Financial Statements, the Half-yearly Financial Report, the Interim Management Statements and the associated announcements, with particular focus on the main areas requiring judgement and on critical accounting policies;
- reviewing the effectiveness of the internal controls system and examination of the Internal Controls Report produced by the Manager;
- meeting with the Head of Internal Audit of Close Brothers Group plc;
- meeting with Littlejohn LLP, the recently appointed Internal Auditors of Albion Ventures LLP;
- meeting with the external auditors and reviewing their findings; and
- reviewing the performance of the Manager and making recommendations regarding their re-appointment to the Board.

Nomination Committee

According to the Articles of Association, the Board may appoint a suitable candidate to fill the vacancy of Director. A nomination committee has not been formed as there are currently no appointments pending. However, the Board will form a nomination committee should these circumstances change.

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

Internal Control

In accordance with principle C.2 of the Combined Code, the Board has an established process for identifying, evaluating and managing the significant risks faced by the Company. This process has been in place throughout the year and continues to be subject to regular review by the Board in accordance with the Internal Control Guidance for Directors in the Combined Code published in September 1999 and updated in 2005 (the "Turnbull guidance"). The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage, rather than eliminate the risks of failure to achieve the Company's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board's monitoring covers all controls, including financial, operational and compliance controls, and risk management. The Board receives each year from the

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

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

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

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

During the year, as the Board has delegated the investment management and administration to Albion Ventures LLP (formerly Close Ventures Limited), the Board feels that it is not necessary to have its own internal audit function. Instead, the Board had access to the internal audit department of Close Brothers Group plc, which undertook periodic examination of the business processes and controls environment at Close Ventures Limited, and ensured that any recommendations to implement improvements in controls were carried out. During the year, Albion Ventures LLP appointed Littlejohn LLP as its internal auditor. Littlejohn LLP has, and will continue to report formally to the Board on an annual basis. The Board will continue to monitor its system of internal control in order to provide assurance that it operates as intended.

Statement of corporate governance continued

Going concern

In accordance with Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009 issued by Financial Reporting Council, the Board has assessed the Company's operation as a going concern. The Company has significant cash and liquid resources, its portfolio of investments is well diversified in terms of sector, and the major cash outflows of the Company (namely investments, buy-backs and dividends) are within the Company's control. Accordingly, after making diligent enquiries the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing the accounts.

The Board's assessment of liquidity risk and details of the Company's policies for managing its capital and financial risks are shown in note 20. The Company's business activities, together with details of its performance are shown in this Directors' report and enhanced business review.

Conflicts of interest

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

Capital structure and Articles of Association

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

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

Relationships with shareholders

The Company's Annual General Meeting on 5 February 2010 will be used as an opportunity to communicate with investors. The Board including the Chairman of the Audit Committee will be available to answer questions at the Annual General Meeting.

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

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

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

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

Tel: 0871 664 0300

Calls cost 10p per minute plus network extras (lines are open 8.30am – 5.30pm, Mon-Fri).

Email: ssd@capitaregistrars.com

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

Tel: 08442 579 722

Calls cost 4p per minute plus network extras and may be recorded (lines are open 9.00am – 5.30pm, Mon-Fri).

Email: info@albion-ventures.co.uk

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

Statement of compliance

With the exception of the requirement to have a Remuneration Committee, the Directors consider that the Company has complied throughout the year ended 30 September 2009 with all the relevant provisions set out in Section 1 of the Code, and with the AIC Code of Corporate Governance. The Company continues to comply with the Code as at the date of this report.

By Order of the Board

Albion Ventures LLP

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

21 December 2009

Directors' remuneration report

Introduction

This report is submitted in accordance with Section 420 of the Companies Act 2006. The report also meets the relevant rules of the Listing Rules of the Financial Services Authority and describes how the Board has applied the principles relating to the Director's remuneration. As required by the Act, a resolution to approve the report will be proposed at the Annual General Meeting.

UNAUDITED INFORMATION

Remuneration Committee

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

Directors' remuneration policy

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

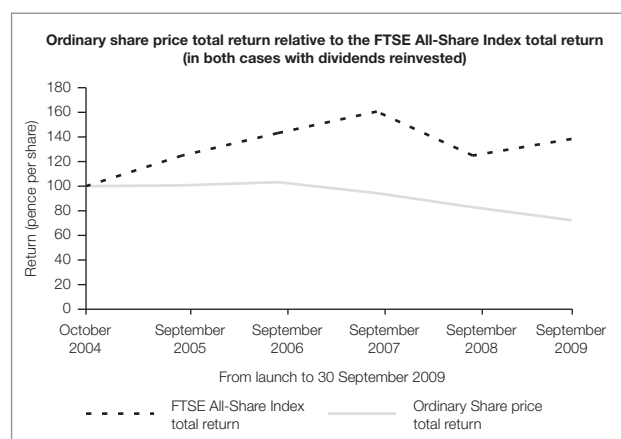
The maximum aggregate level of non-executive Directors' remuneration is fixed by the Company's Articles of Association, not to exceed £120,000 per annum; amendment to this is by way of an ordinary resolution subject to ratification by shareholders.

Performance graph

The graph that follows shows Albion Income & Growth VCT PLC's share price total return against the FTSE All-Share Index total return, in both instances with dividends

reinvested. The Directors consider this to be the most appropriate benchmark in the absence of a Venture Capital Trust Index. Investors should, however, be reminded that shares in VCTs generally trade at a discount to the actual net asset value of the Company.

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



Source: Albion Ventures LLP

Methodology: The share price return to the shareholder including amount invested (rebased to 100) from launch, assuming 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.

Service contracts

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

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

Directors' remuneration report continued

AUDITED INFORMATION

Directors' remuneration

The following items have been audited.

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

	Year ended 30 September 2009 £'000	Year ended 30 September 2008 £'000
Friedrich Ternofsky	21	21
Mary Anne Cordeiro	19	19
John Kerr	19	19
David Watkins	19	19
Albion Ventures LLP (for Patrick Reeve's services)	19	19
	97	97

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

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

In addition to Directors' remuneration, the Company pays an annual premium in respect of Directors' & Officers' Liability Insurance of £8,400.

By Order of the Board

Albion Ventures LLP

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

21 December 2009

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

We have audited the Financial Statements of Albion Income & Growth VCT PLC for the year ended 30 September 2009 which comprise the Income statement, the Balance sheet, the Reconciliation of movement in shareholders' funds, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with sections 495 to 497A 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

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

Scope of the audit

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the Financial Statements.

Opinion on Financial Statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2009 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

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

Under the Listing Rules we are required to review:

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

Rosemary Clarke (Senior statutory auditor)

for and on behalf of PKF (UK) LLP,

Statutory auditors

London, UK

21 December 2009

Income statement

	Note	Year ended 30 September 2009			Year ended 30 September 2008		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Losses on investments	3	–	(5,046)	(5,046)	–	(4,868)	(4,868)
Investment income	4	1,377	–	1,377	2,491	–	2,491
Investment management fees	5	(184)	(555)	(739)	(273)	(819)	(1,092)
Recovery of VAT	6	12	36	48	136	407	543
Other expenses	7	(224)	–	(224)	(222)	–	(222)
Return/(loss) on ordinary activities before tax		981	(5,565)	(4,584)	2,132	(5,280)	(3,148)
Tax (charge)/credit on ordinary activities	9	(174)	152	(22)	(388)	119	(269)
Return/(loss) attributable to shareholders		807	(5,413)	(4,606)	1,744	(5,161)	(3,417)
Basic and diluted return/(loss) per share (pence)*	11	1.9	(12.8)	(10.9)	3.9	(11.6)	(7.7)

* (excluding treasury shares)

The accompanying notes on pages 34 to 46 form an integral part of these Financial Statements.

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

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

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

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

Balance sheet

	Note	30 September 2009 £'000	30 September 2008 £'000
Fixed asset investments			
Qualifying		23,840	25,666
Non-qualifying		38	–
Total fixed asset investments	12	<u>23,878</u>	25,666
Current assets			
Trade and other debtors	14	16	666
Current asset investments	14	2,503	4,974
Cash at bank and in hand	18	1,507	3,385
		<u>4,026</u>	9,025
Creditors: amounts falling due within one year	15	<u>(371)</u>	(665)
Net current assets		<u>3,655</u>	8,360
Net assets		<u>27,533</u>	34,026
Capital and reserves			
Called-up share capital	16	22,706	22,663
Share premium		10	–
Capital redemption reserve		18	18
Unrealised capital reserve		(10,385)	(6,049)
Special reserve		20,142	20,142
Own treasury shares reserve		(2,788)	(2,111)
Realised capital reserve		(2,772)	(1,695)
Revenue reserve		602	1,058
Total equity shareholders' funds		<u>27,533</u>	34,026
Basic and diluted net asset value per share (pence)*	17	<u>66.4</u>	79.7

* (excluding treasury shares)

The accompanying notes on pages 34 to 46 form an integral part of these Financial Statements.

These Financial Statements were approved by the Board of Directors, and authorised for issue on 21 December 2009 and were signed on its behalf by

Friedrich Ternofsky
Chairman

Company number: 5132495

Reconciliation of movement in shareholders' funds

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Unrealised capital reserve* £'000	Special reserve* £'000	Own treasury share reserve* £'000	Realised capital reserve* £'000	Revenue reserve* £'000	Total £'000
As at 1 October 2008	22,663	–	18	(6,049)	20,142	(2,111)	(1,695)	1,058	34,026
Net realised losses on investments in the year	–	–	–	–	–	–	(710)	–	(710)
Capitalised investment management fee	–	–	–	–	–	–	(555)	–	(555)
Recoverable VAT capitalised	–	–	–	–	–	–	36	–	36
Tax on capitalised management fees	–	–	–	–	–	–	152	–	152
Purchase of own treasury shares	–	–	–	–	–	(677)	–	–	(677)
Unrealised losses on investments	–	–	–	(4,336)	–	–	–	–	(4,336)
Issue of equity (net of costs)	43	10	–	–	–	–	–	–	53
Revenue return attributable to shareholders	–	–	–	–	–	–	–	807	807
Dividends paid	–	–	–	–	–	–	–	(1,263)	(1,263)
As at 30 September 2009	22,706	10	18	(10,385)	20,142	(2,788)	(2,772)	602	27,533

As at 1 October 2007	22,667	–	14	(1,084)	20,148	(137)	(1,499)	878	40,987
Net realised gains on investments in the year	–	–	–	–	–	–	97	–	97
Capitalised investment management fee	–	–	–	–	–	–	(819)	–	(819)
Recoverable VAT capitalised	–	–	–	–	–	–	407	–	407
Tax on capitalised management fees	–	–	–	–	–	–	119	–	119
Purchase of own shares for cancellation	(4)	–	4	–	(6)	–	–	–	(6)
Purchase of own treasury shares	–	–	–	–	–	(1,974)	–	–	(1,974)
Unrealised losses on investments	–	–	–	(4,965)	–	–	–	–	(4,965)
Revenue return attributable to shareholders	–	–	–	–	–	–	–	1,744	1,744
Dividends paid	–	–	–	–	–	–	–	(1,564)	(1,564)
As at 30 September 2008	22,663	–	18	(6,049)	20,142	(2,111)	(1,695)	1,058	34,026

* Included within these reserves is an amount of £4,799,000 (2008: £11,345,000) which is considered distributable. The Special reserve has been treated as distributable in determining the amounts available for distribution. Until the Company revokes investment company status, the Company is only entitled to pay dividends out of its Revenue reserve.

Cash flow statement

		Year ended 30 September 2009 £'000	Year ended 30 September 2008 £'000
	Note		
Operating activities			
Investment income received		1,155	1,450
Deposit interest received		212	568
Dividend income received		99	31
Other income		–	6
Investment management fees paid		(793)	(872)
Recovery of VAT		618	–
Other cash payments		(232)	(173)
Net cash inflow from operating activities	19	1,059	1,010
Taxation			
UK corporation tax (paid)/recovered		(294)	77
Capital expenditure and financial investments			
Purchase of fixed asset investments		(3,480)	(1,741)
Disposal of fixed asset investments		224	1,278
Net cash outflow from investing activities		(3,256)	(463)
Management of liquid resources			
Disposal of current asset investments		2,500	4,996
Net cash inflow from liquid resources		2,500	4,996
Equity dividends paid			
Dividends paid	10	(1,263)	(1,564)
Net cash (outflow)/inflow before financing		(1,254)	4,056
Financing			
Purchase of own shares	16	(677)	(1,974)
Issue of share capital (net of costs)		53	–
Purchase of shares for cancellation		–	(6)
Net cash outflow from financing		(624)	(1,980)
Cash (outflow)/inflow in the year	18	(1,878)	2,076

Notes to the Financial Statements

1. Accounting convention

The Financial Statements have been prepared in accordance with the historical cost convention, modified to include the revaluation of investments, in accordance with applicable United Kingdom law and accounting standards and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ("SORP") issued by the Association of Investment Companies ("AIC") in January 2009. Albion Income & Growth VCT PLC has decided to adopt the principles of the January 2009 SORP earlier than the mandatory date. Accounting policies have been applied consistently in current and prior periods.

2. Accounting policies

Investments

Unquoted equity investments

In accordance with FRS 26 "Financial Instruments Recognition and Measurement", unquoted equity investments are designated as fair value through profit or loss ("FVTPL"). Unquoted investments' fair value is determined by the Directors in accordance with the September 2009 International Private Equity and Venture Capital Valuation Guidelines (IPEVCV guidelines). The revised September IPEVCV guidelines have not had a material impact on the portfolio.

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

Unquoted loan stock

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

For all unquoted loan stock, fully performing, renegotiated, past due and impaired, the Board considers that the fair value is equal to or greater than the security value of these assets. For unquoted loan stock, the amount of the impairment is the difference between the asset's cost and the present value of estimated future cash flows, discounted at the effective interest rate.

Floating rate notes

In accordance with FRS 26, floating rate notes are designated as fair value through profit or loss. Floating rate notes are valued at market bid price at the balance sheet date. Floating rate notes are classified as current asset investments as they are investments held for the short term.

Warrants, convertibles and unquoted equity derived instruments

Warrants, convertibles and unquoted equity derived instruments are only valued if their exercise or contractual conversion terms would allow them to be exercised or

converted as at the balance sheet date, and if there is additional value to the Company in exercising or converting as at the balance sheet date. Otherwise these instruments are held at nil value. The valuation techniques used are those used for the underlying equity investment.

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

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

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

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

Investment income

Unquoted equity income

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

Unquoted loan stock and other preferred income

Fixed returns on non-equity shares and debt securities are recognised on a time apportionment basis using the effective interest rate over the life of the financial instrument. Income which is not capable of being received within a reasonable period of time is reflected in the capital value of the investment.

Bank interest income

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

Floating rate note income

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

Investment management fees and other expenses

All expenses have been accounted for on an accruals basis. Expenses are charged through the Revenue account except the following which are charged through the Realised capital reserve:

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

Notes to the Financial Statements continued

2. Accounting policies (continued)

Investment income (continued)

Under the terms of the management agreement, total expenses including management fees and excluding performance fees will not exceed 3.5 per cent. of net asset value at the year end.

Performance incentive fee

In the event that a performance incentive fee crystallises, the fee will be allocated between Revenue and Realised capital reserves based upon the proportion to which the calculation of the fee is attributable to revenue and capital returns.

Taxation

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

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

Reserves

Share premium

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

Special reserve

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

Own treasury shares reserve

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

Realised capital reserve

The following are disclosed in this reserve:

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

Dividends

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

Notes to the Financial Statements continued

3. Losses on investments

	Year ended 30 September 2009 £'000	Year ended 30 September 2008 £'000
Unrealised losses on fixed asset investments held at fair value through profit or loss account	(2,190)	(4,553)
Unrealised impairments on fixed asset investments held at amortised cost	(2,175)	(396)
Unrealised losses on fixed asset investments	(4,365)	(4,949)
Unrealised gains/(losses) on current asset investments held at fair value through profit or loss account	29	(16)
Unrealised losses sub-total	(4,336)	(4,965)
Realised (losses)/gains on investments held at fair value through profit or loss account	(305)	102
Realised losses on fixed asset investments held at amortised cost	(400)	–
Realised losses on current asset investments held at fair value through profit or loss account	(5)	(5)
Realised (losses)/gains sub-total	(710)	97
Total	(5,046)	(4,868)

Investments valued on amortised cost basis are unquoted loan stock investments as described in note 2.

4. Investment income

	Year ended 30 September 2009 £'000	Year ended 30 September 2008 £'000
Income recognised on investments held at fair value through profit or loss		
Dividend income	67	62
Other income	–	6
Floating rate note interest	143	335
Bank deposit interest	23	231
	233	634
Income recognised on investments held at amortised cost		
Return on loan stock investments	1,144	1,857
	1,377	2,491

Interest income earned on impaired investments at 30 September 2009 amounted to £289,000 (2008: £4,000).

5. Investment management fees

	Year ended 30 September 2009			Year ended 30 September 2008		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	184	555	739	273	819	1,092

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

Notes to the Financial Statements continued

6. Recovery of Value Added Tax

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

Following the HMRC business briefing permitting the recovery of historic VAT that had been charged on management fees, the Company has recognised a further £48,000 in the year ended 30 September 2009 which was in addition to the £543,000 that was recognised in the Income statement for the year to 30 September 2008.

7. Other expenses

	Year ended 30 September 2009 £'000	Year ended 30 September 2008 £'000
Directors' fees (including VAT and NIC)	103	107
Other administrative expenses	78	73
Tax services	19	19
Auditors remuneration for statutory audit services	24	23
	<u>224</u>	<u>222</u>

8. Directors' fees

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

	Year ended 30 September 2009 £'000	Year ended 30 September 2008 £'000
Directors' fees	97	97
National insurance and/or VAT	6	10
	<u>103</u>	<u>107</u>

Further information regarding Directors' remuneration can be found on the Directors' remuneration report on page 27.

9. Tax charge/(credit) on ordinary activities

	Year ended 30 September 2009			Year ended 30 September 2008		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
UK corporation tax in respect of current year	248	(152)	96	599	(119)	480
UK corporation tax in respect of prior year	(74)	-	(74)	(211)	-	(211)
Total	<u>174</u>	<u>(152)</u>	<u>22</u>	<u>388</u>	<u>(119)</u>	<u>269</u>

Factors affecting the tax charge:

	Year ended 30 September 2009 £'000	Year ended 30 September 2008 £'000
Loss on ordinary activities before taxation	(4,584)	(3,148)
Tax on profit at the standard rate	(1,284)	(913)
Factors affecting the charge:		
Consortium relief in respect of prior years	(75)	(211)
Non-taxable gains	1,413	1,411
Non-taxable income	(19)	(18)
Marginal relief	(13)	-
	<u>22</u>	<u>269</u>

Notes to the Financial Statements continued

9. Tax charge/(credit) on ordinary activities (continued)

Factors affecting the tax charge: (continued)

The effective rate of tax for the year to 30 September 2009 is 28 per cent. The tax charge for the year shown in the Income statement is lower than the standard rate of corporation tax in the UK of 28 per cent. (2008: 29 per cent.). The differences are explained on page 37.

Consortium relief is recognised in the accounts in the period in which the claim is submitted to HMRC and is shown in the note on page 37 as tax in respect of prior year.

Notes:

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

10. Dividends

	Year ended 30 September 2009			Year ended 30 September 2008		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
First dividend paid on 25 January 2008 – 1.75 pence per share	-	-	-	789	-	789
Second dividend paid on 4 July 2008 – 1.75 pence per share	-	-	-	775	-	775
First dividend paid on 2 February 2009 – 1.75 pence per share	739	-	739	-	-	-
Second dividend paid on 3 July 2009 – 1.25 pence per share	524	-	524	-	-	-
	1,263	-	1,263	1,564	-	1,564

In addition to the dividends summarised above, the Board has declared a first dividend for the year ending 30 September 2010 of 1.25 pence per share. This dividend will be paid on 1 February 2010 to shareholders on the register as at 4 January 2010.

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

	Year ended 30 September 2009			Year ended 30 September 2008		
	Revenue	Capital	Total	Revenue	Capital	Total
<i>The return per share has been based on the following figures:</i>						
Return/(loss) attributable to equity shares (£'000)	807	(5,413)	(4,606)	1,744	(5,161)	(3,417)
Weighted average shares in issue (excluding treasury shares)	42,072,734	42,072,734	42,072,734	44,262,032	44,262,032	44,262,032
Return/(loss) attributable per equity share (pence)	1.9	(12.8)	(10.9)	3.9	(11.6)	(7.7)

The weighted average number of shares is calculated excluding the treasury shares of 3,932,649 (2008: 2,651,993).

There are no convertible instruments, derivatives or contingent share agreements in issue so basic and diluted return/(loss) per share are the same.

Notes to the Financial Statements continued

12. Fixed asset investments

	30 September			30 September
	2009			2008
	£'000			£'000
Qualifying equity investments	6,814			7,610
Qualifying loan stock investments	17,026			18,056
Non-qualifying loan stock investments	38			–
Total	23,878			25,666
	Qualifying equity investments	Qualifying loan stock investments	Non-qualifying loan stock investments	Total
	£'000	£'000	£'000	£'000
Opening valuation as at 1 October 2008	7,610	18,056	–	25,666
Purchases at cost	1,791	2,470	44	4,305
Disposal proceeds	(92)	(276)	–	(368)
Realised losses	(305)	(400)	–	(705)
Movement in loan stock capitalised accrued income	–	(635)	–	(635)
Movement in loan stock accrued income	–	(20)	–	(20)
Unrealised losses	(2,190)	(2,169)	(6)	(4,365)
Closing valuation as at 30 September 2009	6,814	17,026	38	23,878
Movement in loan stock accrued income				
Opening accumulated movement in loan stock accrued income	–	1,371	–	1,371
Movement in loan stock capitalised accrued income	–	(635)	–	(635)
Movement in loan stock accrued income	–	(20)	–	(20)
Closing accumulated movement in loan stock accrued income	–	716	–	716
Movement in unrealised losses				
Opening accumulated unrealised losses	(5,399)	(628)	–	(6,027)
Movement in capitalised redemption premium	–	318	–	318
Movement in unrealised losses	(2,190)	(2,487)	(6)	(4,683)
Closing accumulated unrealised losses	(7,589)	(2,797)	(6)	(10,392)
Historic cost basis				
Opening book cost	13,009	17,313	–	30,322
Purchases at cost	1,791	2,470	44	4,305
Sales at cost	(397)	(676)	–	(1,073)
Closing book cost	14,403	19,107	44	33,554

Fixed asset investments held at fair value through the profit or loss account total £6,814,000 (2008: £7,610,000). Investments held at amortised cost total £17,064,000 (2008: £18,056,000). There has been no re-designation of fixed asset investments during the year.

The purchases of £3,480,000 included in the Cash flow statement do not agree to the purchase cost above of £4,305,000 as a result of accrued loan stock interest in Evolutions Television Limited of £584,000 and £44,000 in Kensington Health Clubs Limited that was capitalised into the principal of the loan stock and equity respectively. A further £141,000 was added to the cost of Vibrant Energy Assessors Limited and Red-M Wireless Limited as a result of restructuring in the portfolio. In addition an investment of £56,000 in Bravo Inns II Limited had not settled at the year end and is included in Other creditors in note 15.

There were two material partial disposals of loan stock during the year of £101,000 from Blackbay Limited and £118,000 from GB Pub Company VCT Limited. During the year, the Company also received additional proceeds from Grosvenor Health Limited which was disposed of in the prior year.

The disposal of fixed assets of £224,000 included in the Cash flow statement do not agree to the sales at cost above of £1,073,000 as a result of two material restructurings in the portfolio of Red-M Group Limited of £649,000 and Vibrant Energy Surveys Limited of £200,000.

In September 2009, Albion Income & Growth VCT PLC exchanged its shareholdings in Welland Inns VCT Limited (formerly Clear Pub Company VCT Limited), Novello Pub Limited and Pelican Inn Limited for a shareholding in Charnwood Pub Company Limited. The reorganisation resulted in the pubs being managed by a single management team.

Notes to the Financial Statements continued

12. Fixed asset investments (continued)

Fixed asset investment class valuation methodologies

Unquoted loan stock investments are valued on an amortised cost basis. Loan stocks using a fixed interest rate total £16,185,000 (2008: £16,312,000). Loan stocks using a floating interest rate total £879,000 (2008: £1,744,000).

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

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

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

	30 September 2009 £'000	30 September 2008 £'000
Investment methodology		
Cost (reviewed for impairment)	846	1,560
Net asset value	1,317	2,326
Recent investment price	3,058	2,240
Earnings multiple	1,593	1,484
	6,814	7,610

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

	30 September 2009 £'000	30 September 2008 £'000
Unquoted equity	6,814	7,396
Unquoted equity derived instruments	-	214
Unquoted loan stock	17,064	18,056
	23,878	25,666

The unquoted equity investments had the following movements between valuation methodologies between 30 September 2008 and 30 September 2009:

Change in investment methodology (2008 to 2009)	Carrying value as at 30 September 2009 £'000	Explanatory note
Cost (reviewed for impairment) to recent investment price	583	Investment held at cost for the first year
Cost (reviewed for impairment) to earnings multiple	111	Investment held at cost for the first year

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 September 2009 IPEVCV Guidelines. The Directors believe that, within these parameters, there are no other possible methods of valuation which would be reasonable as at 30 September 2009.

Notes to the Financial Statements continued

13. Significant interests

The principal activity of the Company is to select and hold a portfolio of investments in unquoted securities. Although the Company, through the Manager, will, in some cases, be represented on the board of the investee company, it will not take a controlling interest or become involved in the management. The size and structure of the companies with unquoted securities may result in certain holdings in the portfolio representing a participating interest without there being any partnership, joint venture or management consortium agreement.

The Company has interests of 20 per cent. or more of the nominal value of any class of the allotted shares in the investee companies as at 30 September 2009 as described below:

Company	Country of incorporation	Principal activity	% class and share type	% total voting rights
CS (Norwich) Limited	Great Britain	Picturehouse cinema	20.0% Ordinary	20.0%
Red-M Wireless Limited	Great Britain	Wireless network provider	50.0% A Ordinary	25.3%
Xceleron Limited	Great Britain	Bio-analytical services	50.0% A Ordinary	21.7%

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

14. Current assets include the following:

	30 September 2009 £'000	30 September 2008 £'000
Debtors		
Prepayments and accrued income	4	98
Recoverable VAT	12	568
	<u>16</u>	<u>666</u>

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

	30 September 2009 £'000	30 September 2008 £'000
Current asset investment		
Rabobank floating rate note 29 July 2010	<u>2,503</u>	<u>4,974</u>

The investment in the Rabobank floating rate note represents money held for investment. The floating rate note can be converted to cash within five working days. This sum is regarded as money held pending investment and is treated as liquid resources in the cash flow statement.

15. Creditors: amounts falling due within one year

	30 September 2009 £'000	30 September 2008 £'000
Accruals and deferred income	256	315
Other creditors	67	29
UK corporation tax payable	48	321
	<u>371</u>	<u>665</u>

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

Notes to the Financial Statements continued

16. Called-up share capital

	30 September 2009 £'000	30 September 2008 £'000
Authorised		
50,000,000 Ordinary shares of 50p each (2008: 50,000,000)	25,000	25,000
Allotted, called up and fully paid		
45,411,710 Ordinary shares of 50p each (2008: 45,326,337)	22,706	22,663
Allotted, called up and fully paid excluding treasury shares		
41,479,061 Ordinary shares of 50p each (2008: 42,674,344)	20,739	21,337

The Company purchased 1,280,656 Ordinary shares (2008: 2,497,912) to be held in treasury at a cost of £677,000 (2008: £1,974,000) representing 2.8 per cent. of the shares in issue as at 1 October 2008. The shares purchased for treasury were funded from the Own treasury shares reserve. The Company holds a total of 3,932,649 Ordinary shares in treasury, representing 8.7 per cent. of the Ordinary shares in issue as at 30 September 2009. There were no shares purchased for cancellation during the year (2008: 7,500 shares at a total cost of £6,000).

Under the Dividend Reinvestment Scheme Circular dated 22 December 2008, the following Ordinary shares, of nominal value 50 pence were allotted.

Date of allotment	Number of shares allotted	Aggregate nominal value of shares £'000	Consideration received £'000	Opening market price per share on allotment date (pence per share)
2 February 2009	50,569	25	39	52
3 July 2009	34,804	17	24	47

17. Basic and diluted net asset value per share

	30 September 2009	30 September 2008
Basic and diluted net asset value per share (pence)	66.4	79.7

The net asset values per share at the year end are calculated in accordance with the Articles of Association and are based upon total shares in issue less the treasury shares of 41,479,061 shares (2008: 42,674,344) in issue at 30 September 2009.

There are no convertible instruments, derivatives or contingent share agreements in issue. The Company's policy is to sell treasury shares at a price greater than the purchase price hence the net asset value per share on a diluted basis would be equal to or greater than the basic net asset value per share, depending on the actual price achieved for selling the treasury shares.

18. Analysis of changes in cash during the year

	30 September 2009 £'000	30 September 2008 £'000
Opening cash balances	3,385	1,355
Net cash (outflow)/inflow	(1,878)	2,076
Closing net funds	1,507	3,431
Movement in overdraft	-	(46)
Closing cash balances	1,507	3,385

Notes to the Financial Statements continued

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

	Year ended 30 September 2009 £'000	Year ended 30 September 2008 £'000
Revenue return on ordinary activities before taxation	981	2,132
Investment management fee charged to capital	(555)	(819)
Recoverable VAT capitalised	36	407
Movement in accrued amortised loan stock interest	(20)	(404)
Decrease/(increase) in debtors	651	(598)
(Decrease)/increase in creditors	(34)	292
Net cash inflow from operating activities	1,059	1,010

20. Capital and financial instruments risk management

The Company's capital comprises Ordinary shares as described in note 16. The Company is permitted to buy-back its own shares for cancellation or treasury purposes, and this is described in more detail on page 21 of the Directors' report and enhanced business review.

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

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

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

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

Investment risk

As a venture capital trust, it is the Company's specific nature to evaluate and control the investment risk of its portfolio in unquoted and in quoted investments, details of which are shown on pages 10 to 12. Investment risk is the exposure of the Company to the revaluation and devaluation of investments. The main driver of investment risk is the operational and financial performance of the investee company and the dynamics of market quoted comparators. The Manager receives management accounts from investee companies, and members of the investment management team often sit on the boards of unquoted investee companies; this enables the close identification, monitoring and management of investment risk.

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

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

The maximum investment risk as at the balance sheet date is the value of the fixed and current asset investment portfolio which is £26,381,000 (2008: £30,640,000). Fixed and current asset investments form 95.8 per cent. of the net asset value as at 30 September 2009 (2008: 90.0 per cent.).

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

Investment price risk

Investment price risk is the risk that the fair value of future investment cash flows will fluctuate due to factors specific to an investment instrument or to a market in similar instruments. To mitigate the investment price risk for the Company as a whole, the strategy of the Company is to invest in a broad spread of industries with approximately two-thirds of the unquoted investments comprising debt securities, which, owing to the structure of their yield and the fact that they are usually secured, have a lower level of price volatility than equity. Details of the industries in which investments have been made are contained in the Portfolio of investments section on pages 10 to 12 and in the Manager's report.

Notes to the Financial Statements continued

20. Capital and financial instruments risk management (continued)

Investment price risk (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 September 2009 IPEVCV Guidelines. The Directors believe that, within these parameters, there are no reasonable possible alternative methods of valuation of the investments as at 30 September 2009.

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

The sensitivity of a 10 per cent. increase or decrease in the valuation of the fixed and current asset investments (keeping all other variables constant) would increase or decrease the net asset value and return for the year by £2,638,000 (2008: £3,064,000).

Cash flow interest rate risk

It is the Company's policy to accept a degree of interest rate risk on its financial assets through the effect of interest rate changes. On the basis of the Company's analysis, it is estimated that a fall of one percentage point in all interest rates would have reduced total return before tax for the year by approximately £145,000 (2008: £130,000).

The weighted average interest rate applied to the Company's fixed rate assets during the year was approximately 6.2 per cent. (2008: 7.7 per cent.). The weighted average period to maturity for the fixed rate assets is approximately 2.4 years (2008: 2.8 years).

Credit risk

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

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

Bank deposits and floating rate note investments are held with banks which have a Moody's credit rating of at least 'A'. The Company has an informal policy of limiting counterparty banking and floating rate note exposure to a maximum of 20 per cent. of net asset value for any one counterparty.

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

The Company's total gross credit risk as at 30 September 2009 was limited to £17,064,000 (2008: £18,056,000) of unquoted loan stock instruments, £1,507,000 cash deposits with banks (2008: £3,385,000) and £2,503,000 of floating rate notes (2008: £4,974,000).

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

As at the year end the Company held a floating rate note issued by Rabobank totalling £2,503,000 (2008: £4,974,000).

Liquidity risk

Liquid assets are held as cash on current account, cash on deposit or short term money market account and as floating rate notes. Under the terms of its Articles, the Company has the ability to borrow up to 10 per cent. of its adjusted capital and reserves of the latest published audited balance sheet, which amounts to £2,753,000 as at 30 September 2009 (2008: £3,403,000).

The Company has no committed borrowing facilities as at 30 September 2009 (2008: £nil). The Company had cash balances of £1,507,000 (2008: £3,385,000) and £2,503,000 (2008: £4,974,000) invested in floating rate notes, which are considered to be readily realisable within the timescales required to make cash available for investment. The main cash outflows are for new investments, buy-back of shares and dividend payments, which are within the control of the Company. The Manager formally reviews the cash requirements of the Company on a monthly basis, and the Board on a quarterly basis as part of its review of management accounts and forecasts. All the Company's financial liabilities are short term in nature and total £371,000 for the year to 30 September 2009 (2008: £665,000).

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

Notes to the Financial Statements continued

20. Capital and financial instruments risk management (continued)

Liquidity risk (continued)

The carrying value of loan stock investments held at amortised cost at 30 September 2009 is analysed by the expected maturity dates as follows:

Redemption date	Fully performing loan stock £'000	Renegotiated loan stock £'000	Impaired loan stock £'000	Total £'000
Less than one year	849	773	1,539	3,161
1-2 years	1,783	741	759	3,283
2-3 years	2,037	1,546	3,033	6,616
3-5 years	764	1,136	2,104	4,004
Total	5,433	4,196	7,435	17,064

The carrying value of loan stock investments held at amortised cost at 30 September 2008 is analysed by the expected maturity dates as follows:

Redemption date	Fully performing loan stock £'000	Renegotiated loan stock £'000	Impaired loan stock £'000	Total £'000
1-2 years	3,147	894	484	4,525
2-3 years	1,977	1,655	211	3,843
3-5 years	4,960	4,025	703	9,688
Total	10,084	6,574	1,398	18,056

The cost, impairment and carrying value of impaired loan stocks held at amortised cost at 30 September 2009 and 30 September 2008 are as follows:

	30 September 2009			30 September 2008		
	Cost £'000	Impairment £'000	Carrying value £'000	Cost £'000	Impairment £'000	Carrying value £'000
Impaired loan stocks	10,274	(2,839)	7,435	2,138	(740)	1,398

Impaired loan stock instruments have a first fixed charge or a fixed and floating charge over the assets of the investee company and the Board deem the security value to be the carrying value.

Loan stock investments disclosed above as renegotiated would otherwise have been disclosed as past due.

Fair values of financial assets and financial liabilities

All the Company's financial assets and liabilities as at 30 September 2009 are stated at fair value as determined by the Directors, with the exception of loans and receivables included within investments, which are carried at amortised cost, in accordance with FRS 26. The Directors believe that the current carrying value of loan stock is not materially different to the fair value. There are no financial liabilities other than creditors. The Company's financial liabilities are all non-interest bearing. It is the Directors' opinion that the book value of the financial liabilities is not materially different to the fair value and all are payable within one year and that the Company is subject to low financial risk as a result of nil gearing and strong cash balances.

The Company's financial assets and liabilities as at 30 September 2009, all denominated in pounds sterling, consist of the following:

	30 September 2009				30 September 2008			
	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	-	-	6,814	6,814	-	-	7,610	7,610
Unquoted loan stock	16,185	879	-	17,064	16,312	1,744	-	18,056
Floating rate note	-	2,503	-	2,503	-	4,974	-	4,974
Debtors	-	-	16	16	-	-	666	666
Current liabilities	-	-	(371)	(371)	-	-	(665)	(665)
Cash	-	1,507	-	1,507	-	3,385	-	3,385
Total net assets	16,185	4,889	6,459	27,533	16,312	10,103	7,611	34,026

Notes to the Financial Statements continued

21. Post balance sheet events

Since 30 September 2009 the Company has had the following post balance sheet events:

- Investment in Vibrant Energy Assessors Limited of £5,000 in October 2009;
- Investment in Mi-Pay Limited of £36,000 in October 2009;
- Investment in RFI Global Services Limited of £95,000 in October 2009;
- Investment in Red-M Wireless Limited of £80,600 in October 2009;
- Disposal of Rabobank floating rate note (maturity date 29 July 2010) of £2,500,000 in October 2009;
- Investment in CS (Brixton) Limited of £63,000 in November 2009;
- Investment in CS (Exeter) Limited of £21,000 in November 2009;
- Investment in Mi-Pay Limited of £36,000 in December 2009; and
- Investment in Xceleron Limited of £128,000 in December 2009.

22. Related party transactions

The Manager, Albion Ventures LLP, is considered to be a related party by virtue of the fact that Patrick Reeve, a Director of the Company, is also a Partner of the Manager. The Manager is party to a management agreement from the Company (details disclosed on page 19 of this report). During the year, services of a total value of £739,000 (2008: £1,092,000) were purchased by the Company from Albion Ventures LLP. At the financial year end, the amount due to Albion Ventures LLP disclosed as accruals was £189,000 (2008: £242,000).

Albion Ventures LLP has reclaimed VAT in respect of the Company, from HMRC as described in note 6. A net sum of £48,000 has been recognised in the Income statement for the period. A creditor of £25,000 in respect of the VAT refund received in the year ended 30 September 2008 relating to historic management fees is to be paid to Albion Ventures LLP.

Patrick Reeve is a Director of the Company, and is also the Managing Partner of the Manager, Albion Ventures LLP. During the year, the Company was charged £18,500 by Albion Ventures LLP in respect of his services as a Director (2008: £18,500). At the year end, the amount due to Albion Ventures LLP in respect of these services disclosed as accruals and deferred income was £5,319 (2008: £5,434).

Albion Income & Growth VCT PLC has an investment valued at £583,000 (2008: £583,000) in Dexela Limited, a company of which John Kerr was company secretary until his resignation on 14 November 2008. During the year no further investments were made (2008: £165,000) by Albion Income & Growth VCT PLC to Dexela Limited.

Buy-backs of shares for Treasury during the year were transacted through Winterflood Securities Limited, a subsidiary of Close Brothers Group plc, which, up to 23 January 2009 was the ultimate parent company of the Manager. Details of buy-backs during the year can be found in note 16.

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

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the annual general meeting of Albion Income & Growth VCT PLC (the "Company") will be held at City of London Club, 19 Old Broad Street, London EC2N 1DS on 5 February 2010 at 12.00 noon for the following purposes:

To consider and, if thought fit, to pass the following resolutions, of which numbers 1 to 7 will be proposed as ordinary resolutions and numbers 8 to 9 as special resolutions.

Ordinary Business

1. To receive and adopt the Company's accounts for the year ended 30 September 2009 together with the report of the Directors and auditors.
2. To approve the Directors' remuneration report for the year ended 30 September 2009.
3. To re-elect David Watkins as a Director of the Company.
4. To re-elect John Kerr as a Director of the Company.
5. To re-appoint PKF (UK) LLP as auditors of the Company to hold office from conclusion of the meeting to the conclusion of the next meeting at which the accounts are to be laid.
6. To authorise the Directors to agree the Auditors' remuneration.

Special Business

7. That, in substitution for any existing authorities granted pursuant to section 80 of the Companies Act 1985, the Directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "Act") to allot shares in the Company up to a maximum aggregate nominal amount of £2,073,953, such authority shall expire on 5 August 2011 but so that the Company may, before the expiry of such period, make an offer or agreement which would or might require shares to be allotted after the expiry of such period and the Directors may allot shares pursuant to such an offer or agreement as if the authority had not expired.
8. That, subject to and conditional on the passing of resolution number 7, in substitution for any existing authorities granted pursuant to section 95 of the Companies Act 1985, the Directors be empowered, pursuant to section 570 of the Act, to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by resolution number 7 as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:
 - (a) in connection with an offer of such securities by way of rights issue;
 - (b) in connection with any Dividend Reinvestment Scheme introduced and operated by the Company; and
 - (c) otherwise than pursuant to paragraphs (a) to (b) above, up to an aggregate nominal amount of £1,135,293,

and shall expire at the conclusion of the next Annual General Meeting, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power had not expired.

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

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 560(2)(b) of the Act as if in the first paragraph of the resolution the words "pursuant to the authority conferred by resolution number 7" were omitted.

Notice of Annual General Meeting continued

9. That, the Company be generally and unconditionally authorised to make market purchases (within the meaning of Section 693(4) of the Act) of Ordinary shares of 50 pence each in the capital of the Company (“Ordinary shares”), on such terms as the Directors think fit, and where such shares are held as treasury shares, the Company may use them for the purposes set out in section 727 of the Act, provided that:
- (a) the maximum number of Ordinary shares hereby authorised to be purchased is 6,807,215 Ordinary shares, an amount equal to 14.99 per cent. of the Ordinary shares in issue;
 - (b) the minimum price, exclusive of any expenses, which may be paid for an Ordinary share is 50 pence;
 - (c) the maximum price, exclusive of any expenses, which may be paid for each Ordinary share is an amount equal to the higher of (a) 105 per cent. of the average of the middle market quotations for an Ordinary share, as derived from the London Stock Exchange Daily Official List, for the five business days immediately preceding the day on which the Ordinary share is purchased; and (b) the amount stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003;
 - (d) the authority hereby conferred shall, unless previously revoked or varied, expire at the end of the next Annual General Meeting, or eighteen months from the date of the passing of the resolution, whichever is earlier; and
 - (e) the Company may make a contract or contracts to purchase Ordinary shares under this authority before the expiry of the authority which will or may be executed wholly or partly after the expiry of the authority, and may make a purchase of shares in pursuance of any such contract or contracts.

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

BY ORDER OF THE BOARD

Albion Ventures LLP

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

21 December 2009

Registered in England and Wales with number 5132495

Notice of Annual General Meeting continued

Notes

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

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

To be effective the Form of Proxy must be completed in accordance with the instructions and received by the Registrars of the Company by 12 noon on 3 February 2010.

In accordance with good governance practice, the Company is offering shareholders use of an online service, offered by the Company's registrar, Capita Registrars, at www.capitashareportal.com. Shareholders can use this service to vote or appoint a proxy online. The same voting deadline of 12.00 noon on 3 February 2010 applies as if you were using your Personalised Voting Form to vote or appoint a proxy by post to vote for you. Shareholders will need to use the unique personal identification Investor Code that is printed in their Form of Proxy. Shareholders should not show this information to anyone unless they wish to give proxy instructions on their behalf.

2. Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 ('the Act') to enjoy information rights (a "Nominated Person") may, under an agreement between him or her and the member by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights. The statement of rights of members in relation to the appointment of proxies in note 1 above does not apply to Nominated Persons. The rights described in that note can only be exercised by members of the Company.
3. To be entitled to attend and vote at the AGM (and for the purpose of the determination by the Company of the votes they may cast), members must be registered in the register of members of the Company at 12.00 noon on 3 February 2010 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
4. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
5. Copies of contracts of service and letters of appointment between the Directors and the Company will be available for inspection at the Registered Office of the Company during normal business hours from the date of this Notice until the conclusion of the meeting, and at the place of the meeting for at least 15 minutes prior to the meeting until its conclusion. In addition, a copy of the Articles of Association will be available for inspection at the Company's registered office from the date of this Notice until the conclusion of the meeting, and at the place of the meeting for at least 15 minutes prior to the meeting until its conclusion.
6. Under section 527 of the Act members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which the annual accounts and reports were laid in accordance with section 437 of the Act. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Act to publish on a website.
7. A copy of this Notice, and other information regarding the meeting, as required by section 311A of the Act, is available from www.albion-ventures.co.uk, Our Funds, Albion Income & Growth VCT PLC.
8. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
9. As at 21 December 2009 (being the latest practicable date prior to the publication of this Notice), the Company's issued share capital consists of 45,411,710 Ordinary shares. The Company holds 3,932,649 shares in treasury. Therefore, the total voting rights in the Company as at 21 December 2009 are 41,479,061.

