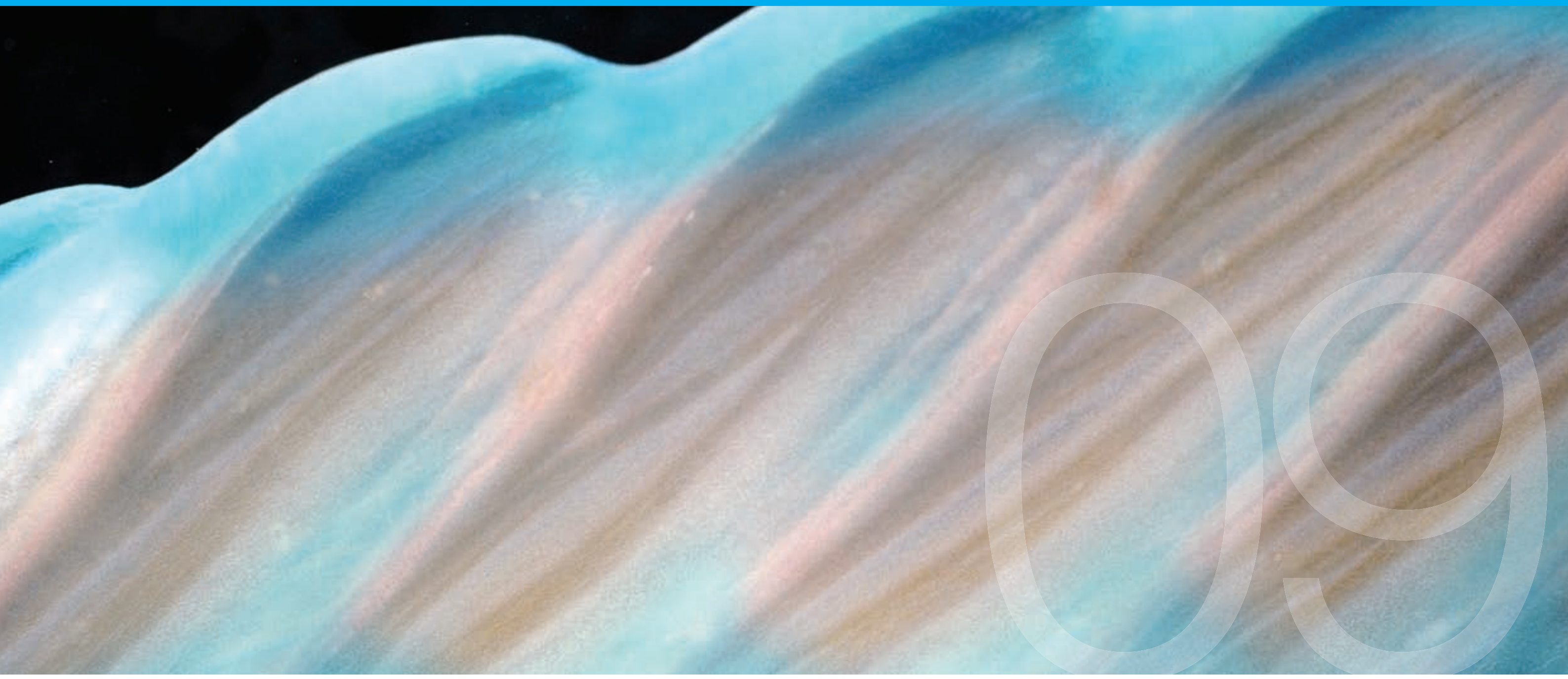
Annual Report and Financial Statements for the year ended 31 December 2009



Albion Development VCT PLC

ALBION VENTURES

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Company information

Company Number	3654040
Directors	G O Vero FCA, Chairman A Phillipps PhD MBA D C Pinckney MA FCA J G T Thornton MA MBA FCA
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
Registrar	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 advisers	PricewaterhouseCoopers LLP 1 Embankment Place London, WC2N 6RN
Legal advisers	Berwin Leighton Paisner Adelaide House London Bridge London, EC4R 9HA

Albion Development VCT PLC is a member of the Association of Investment Companies.

Shareholder information	For help relating to dividend payments, shareholdings and share certificates please contact Capita Registrars Limited: Tel: 0871 664 0300 (calls cost 10p per minute plus network extras, lines are open 8.30am – 5.30pm, Mon – Fri) Email: *ssd@capitaregistrars.com* Website: *www.capitaregistrars.com* 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: 0207 601 1850 (calls may be recorded) Email: *info@albion-ventures.co.uk* Website: *www.albion-ventures.co.uk*

Investment objectives

Albion Development VCT PLC (the "Company") is a venture capital trust which raised a total of £33.3 million through the issue of shares between 1999 and 2004. The C shares merged with the Ordinary shares in 2007.

A new fundraising for up to £25 million through an issue of new D Shares was launched during October 2009, and to date over 3.1 million new D Shares have been allotted. The issue remains open until 30 April 2010. The funds raised through the issue of the D Shares will be invested in accordance with the Company's existing investment policy.

The Company's investment policy is intended to provide investors with a regular and predicable source of dividend income combined with the prospects of long term capital growth. This is achieved by establishing a diversified portfolio of holdings in smaller, unquoted companies whilst at the same time selecting and structuring investments in such a way as to reduce the risks normally associated with investment in such companies. It is intended that this will be achieved as follows:

- Through investment in lower risk, often asset-backed investments that provide a strong income stream combined with a protection of capital. These include freehold-based businesses in the leisure sector, such as pubs and health clubs, as well as stable and profitable businesses in other sectors including business services and healthcare. Such investments will constitute the majority of investments by cost.
- This is balanced by a smaller number of higher risk companies with greater growth prospects in sectors such as software and computer services, and medical technology.
- In neither category do investee companies normally have any external borrowings with a prior charge ranking ahead of the VCT.
- Up to two-thirds of qualifying investments by cost comprise loan stock secured with a first charge on the investee company's assets.

Financial calendar

Annual General Meeting	25 June 2010
Record date for first dividend	6 April 2010
Payment of first dividend	4 May 2010
Announcement of interim results for the six months ending 30 June 2010	August 2010
Payment of second dividends subject to Board approval	September 2010

Financial summary

Ordinary shares

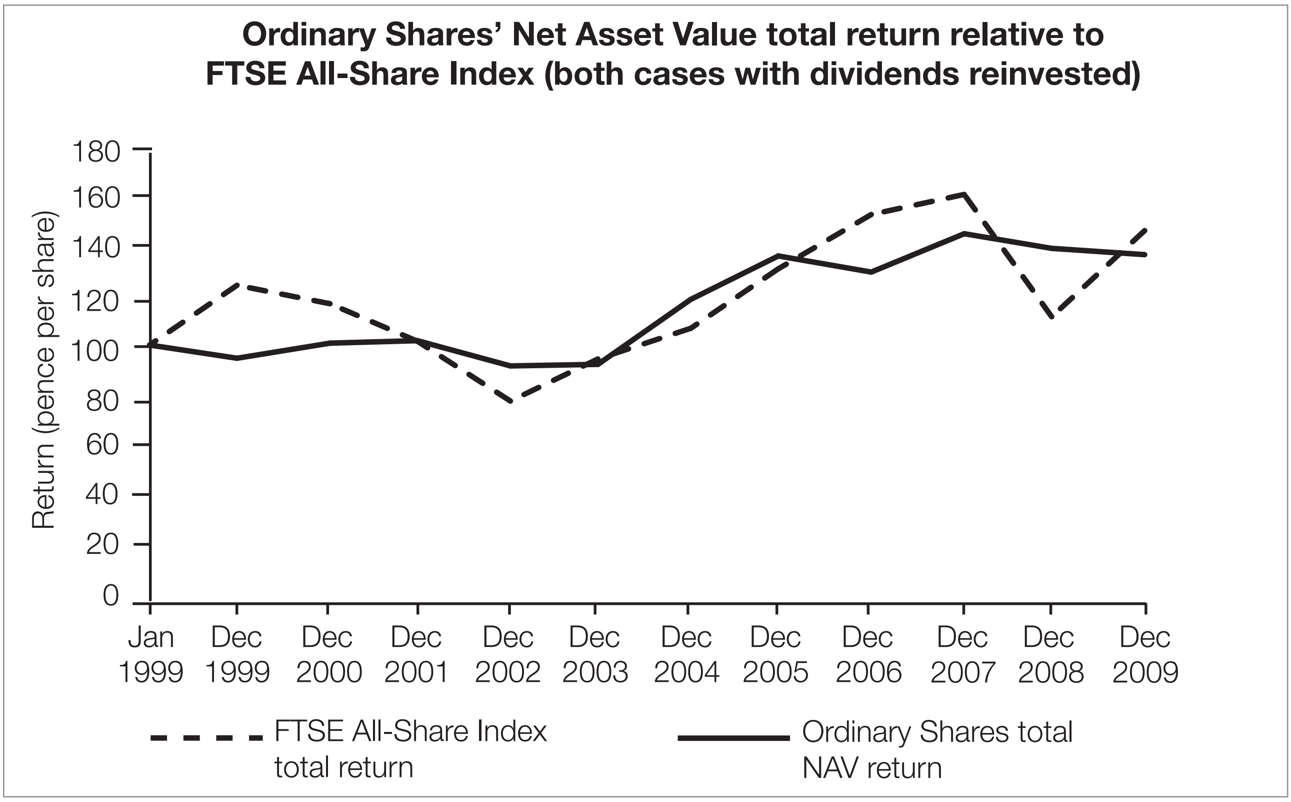
129.1p Net asset value plus dividends since launch to 31 December 2009

4.0p Tax free dividend per share paid in the year to 31 December 2009 **(an additional 4.0p for the year to 31 December 2009 was paid in advance on 30 December 2008)**

79.3p Net asset value per share as at 31 December 2009

D shares (allotted 23 December 2009)

94.6p Net asset value per share as at 31 December 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 the net asset value of the Company at the time the shares were quoted ex-dividend. Transaction costs are not taken into account.

Financial highlights

	Ordinary shares 31 December 2009 (pence per share)	Ordinary shares 31 December 2008 (pence per share)	D shares 31 December 2009 (pence per share)
Dividends paid	**4.0**	12.0	**–**
Revenue return	**2.4**	3.9	**–**
Capital loss	**(4.1)**	(8.2)	**–**
Net asset value	**79.3**	84.8	**94.6**

Total shareholder net asset value return to 31 December 2009:

	Ordinary shares 31 December 2009 (pence per share)(ii)	C shares 31 December 2009 (pence per share)(ii)	D shares 31 December 2009 (pence per share)(ii)
Total dividends paid during the year ended:			
31 December 1999(i)	**1.00**	**–**	**–**
31 December 2000	**2.90**	**–**	**–**
31 December 2001	**3.95**	**–**	**–**
31 December 2002	**4.20**	**–**	**–**
31 December 2003(iii)	**4.50**	**0.75**	**–**
31 December 2004	**4.00**	**2.00**	**–**
31 December 2005	**5.20**	**5.90**	**–**
31 December 2006	**3.00**	**4.50**	**–**
31 December 2007(iv)	**5.00**	**5.36**	**–**
31 December 2008(iv)	**12.00**	**12.86**	**–**
31 December 2009(iv)	**4.00**	**4.29**	**–**
Total dividends paid to 31 December 2009	**49.75**	**35.66**	**–**
Net asset value as at 31 December 2009	**79.30**	**84.97**	**94.60**
Total shareholder return to 31 December 2009	**129.05**	**120.63**	**94.60**

The first dividend of 4.0 pence per Ordinary share for the year ended 31 December 2009 was paid in advance on 30 December 2008.

In addition to the dividends paid above, the Board has declared a first dividend for the year ending 31 December 2010, of 4.0 pence per Ordinary share (3.25 pence paid out of revenue profits and 0.75 pence paid out of realised capital gains) payable on 4 May 2010 to shareholders on the register at 6 April 2010.

The Board expects the first D shares' dividend to be paid in September 2010.

Notes

(i) Assuming subscription for Ordinary shares by the First Closing on 26 January 1999.

(ii) Excludes tax benefits upon subscription.

(iii) Those subscribing for C shares after 30 June 2003 were not entitled to the interim dividend.

(iv) The C shares were converted into Ordinary shares on 31 March 2007, with a conversion of 1.0715 Ordinary shares for each C share. The net asset value per share and all dividends paid subsequent to the conversion of the C shares to the Ordinary shares are multiplied by the conversion factor of 1.0715 in respect of the C shares return, in order to give an accurate picture of the shareholder value since launch relating to the C shares.

Chairman's statement

Introduction
The Company's results for the 12 months to 31 December 2009 show a resilient performance, which is a reflection of the relative maturity of the investment portfolio, and its ability to show only a small negative total return in a difficult year of recession in the UK. The Ordinary shares, some of whose investments are now in excess of eight years old, showed a negative total return of 1.7 pence per share (2008: 4.3 pence per share negative return), and a decrease in net asset value to 79.3 pence per share (2008: 84.8 pence per share) after dividends of 4.0 pence per share (2008: 12.0 pence per share). This represents a significant improvement as compared to the interim position at 30 June 2009, when the Company recorded a negative total return of 5.6 pence per share.

The D shares allotted on 23 December 2009 have a net asset value as at 31 December 2009 of 94.6 pence pere share.

Investment progress and prospects
The Company's investment income was some 46 per cent. lower than in 2008, principally as a result of falling interest rates and a lower return on loan stock investments, while the investment portfolio decreased in value by just under £1 million. The strong performance of two of our older investments, Peakdale Molecular Limited and Consolidated PR Limited, both of which were made in 2001 and have shown an ability to increase profitability in a recessionary environment, helped partially to offset the downwards valuations of other parts of the portfolio, including Evolutions Television Limited and Chichester Holdings Limited.

In addition, while third party valuations of our asset backed portfolio resulted in devaluations of our pub and health club investments, certain investments saw a marked improvement as they began to exploit global markets through their innovative products and services, including Helveta Limited, Xceleron Limited, Lowcosttravelgroup Limited and Blackbay Limited.

New investments totalling £2.1 million were made in three new investee companies and 15 existing investee companies. A variety of new investment opportunities at attractive valuations are under review, particularly in the health care sector, though the environmental sector is also likely to be an area for growth over the next period.

Share premium account
Shareholders approved the cancellation of the Company's share premium accounts by way of special resolution at a General Meeting held on 28 October 2009. The Ordinary shares' share premium account, amounting to £3.3 million was subsequently cancelled on 25 November 2009 by order of the High Court and the Notice regarding the cancellation was registered at Companies House on 11 December 2009. The purpose of this cancellation is to increase the special reserve available for distribution as dividends. The special reserve, amongst other purposes, can also be used for making market purchases of Ordinary shares.

The Manager and awards
As shareholders will recall, earlier in 2009, the Company novated the management contract to Albion Ventures LLP which has around £200 million funds under management and which was formed in January 2009, when the executive directors of Close Ventures Limited bought the business from Close Brothers Group plc.

The Board is pleased to confirm to shareholders that the transition to Albion Ventures LLP has gone smoothly. The Board are also delighted to note that Albion Development VCT won 'VCT of the Year (UK) 2009 at the Investor All Stars Awards, and that Albion Ventures was awarded 'VCT Manager of the Year' at the "Unquote" British Private Equity Awards 2009.

Offer for subscription of D shares
The Company launched the Offer for subscription of up to 25,000,000 D shares on 1 October 2009. The new fundraising will enable D shareholders to capitalise on significant investment opportunities in the current economic climate, enabling further growth and diversification of the Company's investment portfolio, as well as creating greater economies of scale due to the spreading of the fixed and semi-fixed overheads.

The Company is currently offering investors the opportunity to participate in the new D Share Offer. Shareholders wishing to invest can obtain a prospectus by telephoning 0808 1781680 or from the Albion Ventures website, *www.albion-ventures.co.uk*.

As at 31 December 2009, 1,433,600 D shares had been allotted under the terms of the Offer and since the year end a further 1,734,295 D shares have been issued, making a total of 3,167,895 D shares in issue as at the date of this report. The Offer remains open until 12 noon on 5 April 2010 for the 2009/2010 tax year, and until 12 noon on 30 April 2010 for the 2010/2011 tax year.

Risks and uncertainties
While the recession in the UK appeared to have eased over the last quarter of the year, we remain cautious over the longer term outlook for the UK economy in the light of personal, corporate and national debt levels, and this continues to be the key risk affecting the Company.

Chairman's statement (continued)

Nevertheless, despite pressures on certain of our investee companies, the portfolio as a whole remains cash generative and it remains our general 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 are shown in the Directors' report and enhanced business review within this Annual Report and Financial Statements.

Results and dividends

As at 31 December 2009, the net asset value of the Ordinary shares was 79.3 pence per share (2008: 84.8 pence per share). The D share net asset value was 94.6 pence per share. The Ordinary shares' revenue return before taxation was £790,000 compared to £1.67 million for the previous period. The Company paid a dividend of 4.0 pence per Ordinary share during the year (the first dividend of 4.0 pence per Ordinary share for the year ended 31 December 2009 was paid in advance on 30 December 2008).

The Company will pay a first dividend for the financial year to 31 December 2010 of 4.0 pence per Ordinary share, on 4 May 2010 to shareholders on the register on 6 April 2010. The Board expects the first D shares' dividend to be paid in September 2010.

Discount management and share buy-backs

It remains the Board's policy to buy back shares in the market, subject to the overall constraint that such purchases are in the VCT's interest, including the maintenance of sufficient resources for the investment in existing and new investee companies and the continued payment of dividends to shareholders. It is the Board's policy over the longer term to achieve a discount to net asset value of around 10 per cent., which is narrower than has been the case over the past 18 months, when the discount increased during the crisis that affected financial markets.

Outlook and prospects

As mentioned above, a number of investee companies, particularly in the technology portfolio, are beginning to show a significant degree of traction in the international markets within which they operate, indicating their longer term potential for value creation. Meanwhile, though many of the asset based investments have been written down in line with the property markets, almost all units remain profitable at the operating level.

Geoffrey Vero

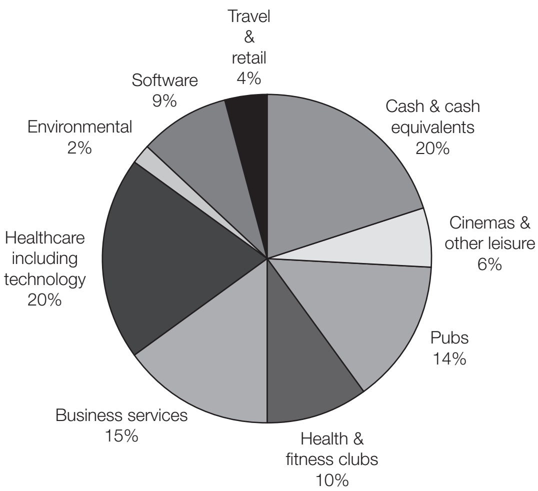
Chairman 25 March 2010

Manager's report

The analysis of Albion Development VCT's investment portfolio as at 31 December 2009 is shown below. The lower risk element of the portfolio, including asset-backed investments, now accounts for 45 per cent. of the net assets while the higher growth portfolio accounts for 35 per cent., with cash and liquid resources providing the balance. It is anticipated going forwards that the healthcare segment, which currently accounts for 20 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 investment portfolio now has some 41 holdings and provides a broad spread across a variety of sectors, with the aim of providing shareholders with a strong degree of diversification of risk, whilst at the same time including sectors and businesses with strong growth prospects.

The D share portfolio is currently all held as cash.

The Ordinary share portfolio valuation analysed by sector as at 31 December 2009:



Source: Albion Ventures LLP

New investments

During the year, your Company invested £1.2 million in three new investments and £0.9 million in 15 existing investments. One of the new investments was Forth Photonics Limited, which is in the healthcare sector, and has a novel form of scanning for certain forms of cancer. In addition, we acquired four landmark freehold London pubs through Geronimo Inns.

Portfolio review

Certain companies in the higher growth portfolio have been performing strongly. A particularly good performance was seen by Blackbay Limited, whose mobile solutions for the logistic sector, including a substantial contract with the Post Office and strong international orders, have led to a sharp increase in profitability. Significant new contracts won by Helveta Limited reinforce the company's dominant role in the traceability of tropical timber while Xceleron Limited, which provides novel drug development services to the pharmaceutical industry, also saw strong growth and a welcome return to profitability. Trading at Lowcosttravelgroup Limited also showed substantial growth during the year with over one million customers over the past 12 months while sales at Opta Sports Data Limited grew by 50 per cent. The three largest write downs in the portfolio were Chichester Holdings Limited, Evolutions Television Limited and Rostima Limited, whose markets have been affected by the recession.

We have also restructured some of our pub investments, resulting in an increase in income to the Company. The majority of our pubs are now trading profitably at the operating level and, as managed pubs, have a strong competitive edge over tenanted pubs, which remain a major feature of the UK pub sector. Again, despite the write-downs, our health and fitness clubs are profitable at the operating level, in excellent locations and with growing membership. However, one company went into administration, being our small investment in Riverbourne Health Club Limited in Chertsey, Surrey, resulting in the realised loss of 53 per cent. of the VCT's total investment of £100,000.

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 25 March 2010

Manager

The Board of Directors

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

Geoffrey Vero (63), FCA (appointed 2 July 2007), has spent much of his career in venture capital, serving as a director of Causeway Capital Limited and ABN Amro Private Equity (UK) Limited which invested in small and medium sized unquoted businesses. He is a non-executive director of Crown Place VCT PLC (a venture capital trust managed by Albion Ventures LLP) and Numis Corporation Plc, and non-executive Chairman of EPE Special Opportunities Plc.

David Pinckney (69), FCA, MA (appointed 8 December 1998), was with Peat Marwick Mitchell & Co. (now KPMG) in London from 1963 to 1968, and from 1969 to 1983 in France. He became a partner in 1975 and Senior Audit Partner in 1978. He was then Managing Director of Wrightson Wood Financial Services Limited, where his work involved the provision of advice to companies seeking venture capital. In 1987 he joined Thornton Management Limited, an international equity fund management group with a proportion of funds invested in smaller unquoted companies, first as Group Finance Director and subsequently as Joint Managing Director. From 1998 he was Chief Operating Officer – Far East, and then Vice Chairman, of AXA Investment Managers, the investment management arm of the AXA Group until he retired in December 2003. He is Chairman of Rutley European Property Limited, the AIM quoted Syndicate Asset Management PLC, Ventus VCT PLC, Ventus 2 VCT PLC and Ventus 3 VCT PLC.

Jonathan Thornton (63), MA, MBA, FCA (appointed 8 December 1998), has extensive experience in the management of unquoted investments. He was a director of Close Brothers Group plc from 1984 to 1998 and was responsible for establishing Close Brothers Private Equity LLP, the private equity fund management arm of Close Brothers Group plc. Prior to this he worked for 3i plc and Cinven (two of the largest UK investors in unquoted companies). Over the past 25 years he has been a non-executive director of a number of smaller unquoted companies which have raised institutional capital and he is a director of Albion Venture Capital Trust PLC (a venture capital trust also managed by Albion Ventures LLP), and is a member of the Albion Ventures LLP Investment Committee.

Andrew Phillipps (41), PhD, MBA (appointed 30 October 2007). After being awarded an honorary fellowship in materials science at Cambridge, he worked at Cookson Group and BOC Group in product development, before co-founding Active Hotels, an online hotels reservation business in 1999. As Chief Executive, he grew the business to become a European market leader, before selling it to Priceline Inc. for $161 million in 2004. He is currently an investor in, and director of, a number of private companies.

The Manager

Albion Ventures LLP, is authorised and regulated by the Financial Services Authority and is the Manager of Albion Development VCT PLC. In addition to Albion Development 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" for Albion Development VCT PLC at the 2009 Investor AllStar Awards.

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

Patrick Reeve (49), MA, 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.

Isabel Dolan (45), BSc (Hons), ACA, MBA, is Operations Partner of Albion Ventures LLP having previously been Finance Director for a number of unquoted companies. From 1993-1997 she was Head of Recoveries at the Specialised Lending Services department of the Royal Bank of Scotland plc and from 1997-2001 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, 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 (40), 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 (32), 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

			As at 31 December 2009			As at 31 December 2008			
	% voting rights	% voting rights of AVL** managed companies	Cost £'000	Cumulative movement in value £'000	Total value £'000	Cost £'000	Cumulative movement in value £'000	Total value £'000	Change in value for the year*** £'000
Qualifying investments									
Evolutions Television Limited	23.7	49.9	**4,255**	**(2,005)**	**2,250**	3,374	(135)	3,239	(989)
The Weybridge Club Limited	9.4	50.0	**1,520**	**(157)**	**1,363**	1,520	(172)	1,348	15
Mears Group plc*	0.6	0.6	**1,600**	**(330)**	**1,270**	1,600	(407)	1,193	77
Peakdale Molecular Limited	8.8	14.9	**1,297**	**(143)**	**1,154**	1,380	(490)	890	346
Blackbay Limited	7.0	32.9	**764**	**283**	**1,047**	814	61	875	222
CS (Greenwich) Limited	15.5	50.0	**929**	**(143)**	**786**	850	(161)	689	18
Taunton Hospital Limited	12.6	50.0	**675**	**–**	**675**	675	5	680	(5)
Consolidated PR Limited	12.3	24.5	**625**	**32**	**657**	779	(159)	620	190
Kensington Health Clubs Limited	4.9	50.0	**1,124**	**(473)**	**651**	1,124	(369)	755	(104)
The Charnwood Pub Company Limited	3.3	50.0	**1,156**	**(623)**	**533**	1,128	(379)	749	(244)
Geronimo Inns VCT I Limited	6.0	50.0	**480**	**27**	**507**	–	–	–	27
Geronimo Inns VCT II Limited	6.0	50.0	**480**	**27**	**507**	–	–	–	27
The Q Garden Company Limited	16.5	49.8	**1,198**	**(715)**	**483**	1,198	(698)	500	(17)
RFI Global Services Limited	6.3	27.3	**561**	**(82)**	**479**	459	(183)	276	102
Bravo Inns II Limited	4.6	49.6	**480**	**(27)**	**453**	320	(11)	309	(16)
Tower Bridge Health Clubs Limited	7.9	50.0	**494**	**(42)**	**452**	493	(27)	466	(14)
Lowcosttravelgroup Limited	4.0	26.0	**435**	**3**	**438**	435	(187)	248	190
Dexela Limited	5.6	34.8	**415**	**8**	**423**	415	8	423	–
Prime Care Holdings Limited	8.1	42.2	**386**	**22**	**408**	270	4	274	18
Helveta Limited	3.6	26.6	**364**	**13**	**377**	291	8	299	5
CS (Brixton) Limited	8.4	50.0	**356**	**20**	**376**	325	35	360	(15)
Xceleron Limited	3.9	45.1	**379**	**(45)**	**334**	340	(106)	234	61
Chichester Holdings Limited	10.6	50.0	**700**	**(414)**	**286**	700	100	800	(514)
Mirada Medical Limited	7.2	45.0	**240**	**35**	**275**	240	2	242	33
Mi-Pay Limited	3.9	38.5	**310**	**(67)**	**243**	260	(55)	205	(12)
Forth Photonics Limited	1.7	12.2	**210**	**–**	**210**	–	–	–	–
The Dunedin Pub Company VCT Limited	6.2	50.0	**317**	**(144)**	**173**	310	(94)	216	(49)
Opta Sports Data Limited	1.3	14.0	**140**	**12**	**152**	140	8	148	4
GB Pub Company VCT Limited	9.1	50.0	**361**	**(227)**	**134**	401	(190)	211	(36)
Rostima Limited	4.0	33.8	**350**	**(216)**	**134**	285	(52)	233	(165)
Premier Leisure (Suffolk) Limited	5.9	45.0	**480**	**(356)**	**124**	480	(294)	186	(62)
Bravo Inns Limited	2.6	50.0	**230**	**(107)**	**123**	230	(65)	165	(42)
CS (Exeter) Limited	8.3	50.0	**135**	**(13)**	**122**	125	(28)	97	15
Oxsensis Limited	1.6	22.3	**145**	**(46)**	**99**	145	–	145	(46)
Point 35 Microstructures Limited	1.6	28.1	**124**	**(33)**	**91**	124	(39)	85	7
Green Energy Property Services Limited	2.8	23.4	**77**	**4**	**81**	217	(157)	60	(34)
City Screen (Liverpool) Limited	4.6	50.0	**61**	**(15)**	**46**	50	15	65	(30)
Process Systems Enterprise Limited	0.8	15.9	**95**	**(49)**	**46**	95	(32)	63	(17)
CS (Norwich) Limited	3.1	50.0	**50**	**(16)**	**34**	50	(15)	35	(1)
River Bourne Health Club Limited	5.0	50.0	**41**	**(33)**	**8**	100	(49)	51	(38)
Total qualifying investments			**24,039**	**(6,035)**	**18,004**	21,742	(4,308)	17,434	(1,093)

* quoted investments

** Albion Ventures LLP

*** as adjusted for additions and disposals during the year

Portfolio of investments (continued)

			As at 31 December 2009			As at 31 December 2008			
	% voting rights	% voting rights of AVL** managed companies	Cost £'000	Cumulative movement in value £'000	Total value £'000	Cost £'000	Cumulative movement in value £'000	Total value £'000	Change in value for the year*** £'000
Non-qualifying investments									
Smiles Pub Company Limited	48.4	100	**928**	**(170)**	**758**	977	(164)	813	(6)
Consolidated PR Limited	n/a	n/a	**34**	**45**	**79**	34	9	43	36
Mi-Pay Limited	n/a	n/a	**31**	**3**	**34**	–	–	–	–
Total non-qualifying investments			**993**	**(122)**	**871**	1,011	(155)	856	30
Total fixed asset investments			**25,032**	**(6,157)**	**18,875**	22,753	(4,463)	18,290	(1,063)

* quoted investments

** Albion Ventures LLP

*** as adjusted for additions and disposals during the year

	As at 31 December 2009			As at 31 December 2008			
	Cost £'000	Cumulative movement in value £'000	Total value £'000	Cost £'000	Cumulative movement in value £'000	Total value £'000	Change in value for the year*** £'000
Current asset investment							
Citigroup floating rate note 26 March 2009	**–**	**–**	**–**	3,048	(34)	3,014	–
Total current asset investments	**–**	**–**	**–**	3,048	(34)	3,014	–

*** as adjusted for additions and disposals during the year

Portfolio companies

The top ten qualifying investments held by the Ordinary shares, by total aggregate value of equity and loan stock are as shown below.

D shares do not currently hold any investments.

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 year to 28 June 2008 £'000	Investment information	£'000
Turnover	9,821	Income recognised in the year	163
Profit before interest	704	Total cost	4,255
Net assets	1,328	Total valuation	2,250
Basis of valuation:	Net asset value supported by third party valuation of freehold property	Voting rights	23.7 per cent.

Funds managed and advised by Albion Ventures LLP have invested £7,204,000 in the company and the current total valuation is £4,815,000. Their combined equity holding in the company is 49.9 per cent.

Website: www.evolutions.tv

The Weybridge Club Limited

The company owns a 30 acre freehold site near to the centre of Weybridge in 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.

	Latest audited results year to 31 August 2008 £'000	Investment information	£'000
Turnover	1,312	Income recognised in the year	35
Net assets	389	Total cost	1,520
Basis of valuation:	Earnings multiple	Total valuation	1,363
		Voting rights	9.4 per cent.

Funds managed and advised by Albion Ventures LLP have invested £8,334,000 in the company and the current total valuation is £7,415,000. Their combined equity holding in the company is 50.0 per cent.

Website: www.theweybridgeclub.com

Mears Group plc

Mears is the leading social housing repairs and maintenance providers in the UK and has a growing presence in the domiciliary care market. The company is listed on the main market of the London Stock Exchange.

	Latest audited results year to 31 December 2009 £'000	Investment information	£'000
Turnover	470,146	Income recognised in the year	23
Profit before interest	19,773	Total cost	1,600
Total assets	213,617	Total valuation	1,270
Basis of valuation:	Bid price	Voting rights	0.6 per cent.

Website: www.mearsgroup.co.uk

Peakdale Molecular Limited

The company is principally involved in the research, processing and supply of chemical compounds to the major pharmaceutical companies. It operates from a substantial freehold site in Chapel-en-le-Frith, Derbyshire.

	Latest audited results year to 31 March 2009 £'000	Investment information	£'000
Turnover	6,478	Income recognised in the year	49
Profit before interest	159	Total cost	1,297
Net assets	4,223	Total valuation	1,154
Basis of valuation:	Earnings multiple	Voting rights	8.8 per cent

Funds managed and advised by Albion Ventures LLP have invested £2,257,000 in the company and the current total valuation is £2,016,000. Their combined equity holding in the company is 14.9 per cent.

Website: www.peakdale.co.uk

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.

As a small company, Blackbay Limited is exempt from filing full accounts.

	Latest audited results year to 31 December 2008 (abbreviated accounts) £'000	Investment information	£'000
Net assets	(558)	Income recognised in the year	104
Basis of valuation:	Earnings multiple	Total cost	764
		Total valuation	1,047
		Voting rights	7.0 per cent.

Funds managed and advised by Albion Ventures LLP have invested £3,615,000 in the company and the current total valuation is £4,934,000. Their combined equity holding in the company is 32.9 per cent.

Website: www.blackbay.com

Portfolio companies (continued)

CS Greenwich Limited

This company operates the five screen Picture House cinema in Greenwich.
As a small company, CS Greenwich Limited is exempt from filing full accounts.

	Latest audited results year to 31 December 2008 (abbreviated accounts) £'000	Investment information	£'000
Net assets	204		
Basis of valuation:	Net asset value supported by third party valuation	Income recognised in the year	76
		Total cost	929
		Total valuation	786
		Voting rights	15.5 per cent.

Funds managed and advised by Albion Ventures LLP have invested £2,970,000 in the company and the current total valuation is £2,506,000. Their combined equity holding in the company is 50.0 per cent.

Website: www.picturehouses.co.uk

Taunton Hospital Limited

Taunton Hospital is a specialist mental health operator in southern England.

	Latest audited results year to 30 April 2009 £'000	Investment information	£'000
Turnover	–	Income recognised in the year	1
Operating loss	9	Total cost	675
Net assets	616	Total valuation	675
Basis of valuation:	Cost	Voting rights	12.6 per cent.

Funds managed and advised by Albion Ventures LLP have invested £2,988,000 in the company and the current total valuation is £2,988,000. Their combined equity holding in the company is 50.0 per cent.

Consolidated PR Limited

Consolidated PR Limited is a management buy-out of an established public relations agency, formed in 1991, with a broad range of 'blue chip' clients.

	Latest audited results year to 28 February 2009 £'000	Investment information	£'000
Turnover	6,620	Income recognised in the year	31
Profit before interest	516	Total cost	625
Net assets	2,860	Total valuation	657
Basis of valuation:	Earnings multiple	Voting rights	12.3 per cent

Funds managed and advised by Albion Ventures LLP have invested £1,249,000 in the company and the current total valuation is £1,472,000. Their combined equity holding in the company is 24.5 per cent.

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 2,600 members.

	Latest audited results year to 30 September 2008 £'000	Investment information	£'000
Turnover	1,169	Income recognised in the year	27
Loss before interest	(352)	Total cost	1,124
Net assets	1,311	Total valuation	651
Basis of valuation:	Net asset value supported by third party valuation	Voting rights	4.9 per cent.

Funds managed and advised by Albion Ventures LLP have invested £11,485,000 in the company and the current total valuation is £6,959,000. 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 year to 31 October 2008* £'000	Investment information	£'000
Turnover	563	Income recognised in the year	7
Profit before interest	28	Total cost	1,156
Net liabilities	(6)	Total valuation	533
Basis of valuation:	Net asset value supported by third party valuation	Voting rights	3.3 per cent.

Funds managed and advised by Albion Ventures LLP have invested £15,072,000 in the company and the current total valuation is £7,987,000. 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

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

Directors' report and enhanced business review

The Directors submit their Annual Report and the audited Financial Statements on the affairs of Albion Development VCT PLC (the "Company") for the year ended 31 December 2009.

BUSINESS REVIEW

Principal activity and status

The principal activity of the Company is that of a venture capital trust. It has been approved by H.M. Revenue & Customs ('HMRC') as a venture capital trust in accordance with Part 6 of the Income 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 31 December 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 and its shares are 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 which some investors would have obtained when they invested in the original share offer.

Capital structure

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

On 1 October 2009, the Company launched the Offer for Subscription for up to 25,000,000 D shares with a nominal value of 50 pence each.

At the General Meeting on 28 October 2009, shareholders voted to agree the increase in the authorised share capital by the creation of 40,000,000 D Ordinary shares of 50 pence nominal value each, and all changes to the Articles and consents required to permit the issue of up to 25,000,000 D shares.

As at 31 December 2009, 1,433,600 D shares had been allotted at 100 pence each. As a result of further allotments made since that date there are now a total of 3,167,895 D shares in issue with net funds raised of £3.0 million as at the date of this report.

The Company's share capital comprises Ordinary shares and D shares. As at 31 December 2009, Ordinary shares represented 95.4 per cent. of the total voting rights and D shares 4.6 per cent. of the total voting rights.

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

Both Ordinary shares and D shares currently rank *pari passu* for voting rights, save in respect of specific resolutions impacting their class, such as in the case of a reconstruction. Each Ordinary share and D share is entitled to one vote.

Ordinary and D shareholders are entitled to receive dividends paid out of the reserves attributable to their respective class of shares. Ordinary and D shareholders are entitled to the return on capital on winding up or other return on capital based on the surpluses attributable to their respective class of shares.

The Articles of the Company provide for the conversion of D shares into Ordinary shares in a ratio determined by the net asset values of each class.

The Company currently operates a Dividend Reinvestment Scheme for Ordinary shares, details of which can be found on www.albion-ventures.co.uk under the 'Our Funds' section. During the year, the Company issued 99,675 new Ordinary shares under the Dividend Reinvestment Scheme.

Substantial interests and shareholder profile

As at 31 December 2009 and at the date of this report, the Company was not aware of any beneficial interest exceeding 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 31 December 2009, and to the date of this report.

The shareholder profile of the fund as at 24 March 2010 is as follows:

Ordinary shares

Number of shares held	**% shareholders**	**% share capital**
1 – 10,000	50.4	12.8
10,001 – 50,000	41.9	43.0
50,001 – 100,000	5.0	16.4
100,001 – 500,000	2.5	16.9
500,001 – 5,000,000	0.2	10.9

Directors' report and enhanced business review (continued)

D shares

Number of shares held	% shareholders	% share capital
1 – 10,000	44.5	14.8
10,001 – 50,000	48.4	51.1
50,001 – 100,000	5.5	17.7
100,001 – 500,000	1.6	16.4

The Board welcomes the views of shareholders, and has actively sought shareholder opinion during the year.

Questionnaires were sent to all shareholders and a 19 per cent. response rate (by number of shareholders) was achieved. Of these shareholders, 89 per cent. were satisfied or very satisfied with the returns on the Company, 76 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.

Investment policy

The Company's investment strategy is to provide investors with a regular and predictable source of dividend income combined with the prospect of long term capital growth through allowing investors the opportunity to participate in a balanced portfolio of lower risk, asset-backed investments that provide a strong income stream, combined with investment in a smaller number of higher risk companies with greater growth prospects. In neither category would investee companies normally have any external borrowing with a charge ranking ahead of the Company. Up to two-thirds of qualifying investments by cost will comprise loan stock secured with a first charge on the investee company's assets.

Funds held pending investment or for liquidity purposes will be held as cash on deposit or in floating rate notes or similar instruments with banks or other financial institutions with a Moody's rating of A or above.

Venture Capital Trust status

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

(1) The Company's income must be derived wholly or mainly from shares and securities;

(2) At least 70 per cent. of the 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 value of its total qualifying holdings must have been represented throughout the year by holdings of 'eligible shares';

(4) At no time in the year must the Company's holdings in any one company (other than another VCT) have exceeded 15 per cent. by value of its investments;

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

(6) Eligible shares must comprise at least 10 per cent. by value of the total of the shares and securities that the Company holds in any one investee company; and

(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 any investee company. The tests have been carried out and independently reviewed for the year ended 31 December 2009. The Company has complied with all tests and continues to do so.

'Qualifying Holdings' for Albion Development VCT PLC include shares or securities (including loans with a five year or greater maturity period) in companies which operate a 'qualifying trade' wholly or mainly in the United Kingdom. 'Qualifying trade' excludes, amongst other sectors, dealing in property or shares and securities, insurance, banking, agriculture, and operating or managing hotels or residential care homes. The Company may not control an investee company.

For the Ordinary share portfolio, the gross assets of an investee company 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.

For the D Share Portfolio, the following additional restrictions on investment will apply:

- an investee company's gross assets must not exceed £7 million immediately prior to the investment and £8 million immediately thereafter;

- new investee companies may only raise a maximum of £2 million in any 12 month period from funds sourced from VCTs, Enterprise Investment Schemes or Corporate Venturing Schemes which raised funds subsequent to 5 April 2007; and
- investee companies must have fewer than the equivalent of 50 full-time employees at the time of investment.

Those investments which are permitted for both classes of share will be allocated between them in the ratio of funds available for investment.

Gearing
As defined by the Articles of Association, the Company's maximum exposure in relation to gearing is restricted to 10 per cent. of the adjusted share capital and reserves. As at 31 December 2009, the Company's maximum exposure was £2,488,000 (2008: £2,543,000) 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 8 of the Manager's report shows the split of the portfolio valuation by industrial or commercial sector as at 31 December 2009. Details of the principal investments made by the Company are shown in the Portfolio of investments section on page 11.

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 8. Details of significant events which have occurred since the end of the financial year are listed in note 22 and the Manager's report. Details of related party transactions are shown in note 23.

With the exception of the additional capital raised by the D shares' Offer for subscription, the Directors do not foresee any major changes in the activity undertaken by the Company in 2010. 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 20.

Results and dividends

	Ordinary shares £'000	D shares £'000
Net revenue return for the year ended 31 December 2009	702	1
Revenue dividend of 2.0 pence per share paid on 25 September 2009	(596)	–
Transferred to revenue reserve	106	1
Net capital loss for the year ended 31 December 2009	(1,216)	(1)
Capital dividend of 2.0 pence per share paid on 25 September 2009	(596)	–
Transferred to realised and unrealised capital reserve	(1,812)	(1)
Net assets as at 31 December 2009	23,526	1,357
Net asset value per share as at 31 December 2009 (pence)	79.3p	94.6p

The Company paid a dividend of 4.0 pence per Ordinary share during the year (the first dividend of 4.0 pence per Ordinary share for the year ended 31 December 2009 was paid in advance on 30 December 2008 giving a total dividend for the year ended 31 December 2008 of 12.0 pence).

The Board expects the first D shares' dividend to be paid in September 2010.

As shown in the Ordinary shares' Income statement on page 30, the total investment income has fallen to £1,077,000 (2008: £1,978,000) due to lower revenue returns on loan stock investments and lower LIBOR/base rates. The Company's total revenue return to equity holders has fallen to £702,000 (2008: £1,187,000) due to the lower investment income and the higher 'one off' effect of the VAT recovery on historic management fees received during the year ended 31 December 2008.

The Ordinary shares' total capital return for the year was a loss of £1,216,000 (2008: loss of £2,493,000) which was mainly attributable to the unrealised devaluations in the Company's investment portfolio due to the unfavourable economic climate, and the capitalisation of management fees, partially offset by the recovery of capitalised historic VAT.

The Ordinary shares' total return per share was a loss of 1.7 pence per share (2008: loss 4.3 pence per share).

Directors' report and enhanced business review (continued)

The D shares' total return was nil for the period as the shares were allotted on 23 December 2009.

The Ordinary shares' Balance sheet on page 32 shows that the net asset value per share has decreased over the last year to 79.3 pence per share (2008: 84.8 pence per share). The fall in net asset value can be attributed to the trading factors described above, as well as the payment of the dividend of 4 pence per Ordinary share.

The D shares' Balance sheet shows a net asset value per share of 94.6 pence which represents the cash raised under the Offer for subscription for D shares, less the cost of fundraising of 5.5. per cent..

Cash flow for the Ordinary shares has been positive for the year, due to strong operating cash inflows (which included the recovery of historic VAT on management fees) and the maturity of the Citigroup floating rate note on 26 March 2009. The first Ordinary share dividend of 4.0 pence per share for the year to 31 December 2009 was paid in advance on 30 December 2008 and hence was accounted for in the prior year.

The cash flow for the D shares comprised the net receipts from new subscriptions.

Key performance indicators

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

The total expense ratio for the Company, including the VAT refund for management and performance fees for the year to 31 December 2009 was 2.5 per cent. (2008: 2.1 per cent.). Excluding the VAT refund for management and performance fees the total expense ratio for the year to 31 December 2009 was 2.9 per cent. (2008: 3.7 per cent. following the payment of the additional dividend on 30 December 2008).

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

Share buy-backs

The Company operates a policy of buying back shares either for cancellation or for holding in treasury. Details regarding the current discount policy can be found on page 7 of the Chairman's statement.

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 its strong track record for investing in this segment of the market. In addition, the Manager operates a formal and structured investment process, which includes an Investment Committee, comprising investment professionals from the Manager and external investment professionals. The Manager also invites comments from all non-executive Directors on investments discussed at the Investment Committee meetings. Investments are actively and regularly monitored by the Manager (investment managers normally sit on investee company boards) and the Board receives 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, used to operating within the requirements of the venture capital trust legislation. In addition, to provide further formal reassurance, the Board has appointed PricewaterhouseCoopers LLP as its taxation advisers. PricewaterhouseCoopers LLP 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 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 meets 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. During the year the Board met with the Partner of Littlejohn LLP responsible for the Albion Ventures LLP internal audit to discuss the most recent Internal Audit Report completed on the Manager. The Manager has a comprehensive business continuity plan in place in the event that operational continuity is threatened. Further details regarding the Board's management and review of the Company's internal controls through the implementation of the Turnbull guidance are detailed on page 25.

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

5. *Reliance upon third parties risk*
The Company is reliant upon the services of Albion Ventures LLP for the provision of investment management and administrative functions. There are provisions within the Management Agreement for the change of Manager under certain circumstances (for more detail, see the Management agreement paragraph on page 20). 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 21 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 Development 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 will be shown in the financial statements of Albion Ventures LLP.

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

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

	31 December 2009		**31 December 2008**
	Ordinary shares	**D shares**	**Ordinary shares**
Jonathan Thornton	**70,078**	**10,400**	68,902
David Pinckney	**5,000**	**–**	5,000
Andrew Phillipps	**123,000**	**25,625**	123,000
Geoffrey Vero	**12,000**	**10,400**	12,000

There have been no changes in the holdings of the Directors between 31 December 2009 and the date of this report.

All Directors are members of the Audit Committee of which David Pinckney is Chairman.

Directors' report and enhanced business review (continued)

Further details regarding the Directors' remuneration are shown on page 27.

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. Geoffrey Vero, David Pinckney and Jonathan Thornton will retire and offer themselves for re-election.

Change of name
The Company changed its name from Close Brothers Development VCT PLC to Albion Development VCT PLC by a General Meeting held on 25 March 2009

Management agreement
Following the buy-out of Close Ventures Limited, the Management agreement was novated to Albion Ventures LLP on 23 January 2009.The Management Agreement may be terminated by either party on 12 months' notice. Under this agreement, the Manager also provides secretarial and administrative services to 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 paid an annual fee equal to 2.25 per cent. of the net asset value of the Company. The fee is payable quarterly in arrears. These management fee arrangements have been extended to the D shares.

With effect from 1 January 2010, total annual expenses, including the management fee, are limited to 3.5 per cent. of the net asset value

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

Management performance incentive
The Management performance incentive structure sets a minimum target level, comprising the aggregate of dividends and net asset value per share, at 6.5 pence per share per annum. The Ordinary shares' target minimum return is cumulative from 1 January 2007 (which used the pro forma net asset value of 98.7 pence per share), and for the D shares, will be the Offer price.

In the event that the minimum return is not reached in one year, the shortfall needs to be made up in following years. The incentive fee is set at 20 per cent. of the excess return.

Evaluation of the manager
The Board has evaluated the performance of the Manager based on the returns generated by the Company, the continuing achievement of the 70 per cent. investment requirement for Venture Capital Trust status, the long term prospects of investments, a review of the Management agreement and the services provided therein, and benchmarking the performance 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 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 current auditors, PKF (UK) LLP have indicated their willingness to continue as auditors to Albion Development VCT PLC. A resolution to re-appoint PKF (UK) LLP as auditors will be proposed at the Annual General Meeting on 25 June 2010.

Directors' report and enhanced business review (continued)

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

The Directors are responsible for preparing the Directors' report, 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 judgments 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
- 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 2.

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. There were no overdue trade creditors at 31 December 2009 (2008: Nil).

Annual General Meeting

The Annual General Meeting will be held at the City of London Club, 19 Old Broad St, London EC2N 1DS at 12 noon on 25 June 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. A 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 Development VCT PLC.

Directors’ report and enhanced business review (continued)

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

Ordinary resolution number 8 will request the authority to allot up to 10 per cent. of the issued Ordinary and D share capital.

During the year 1,433,600 D shares were allotted under the new Offer for D shares which was launched on 1 October 2009.

The directors do not currently have any intention to allot shares, with the exception of the D shares’ Offer, the Dividend Reinvestment Scheme and reissuing treasury shares where it is in the Company’s interest to do so.

The Company currently holds 3,043,726 Ordinary treasury shares representing 9.3 per cent. of the total share capital in issue as at 31 December 2009.

This resolution replaces the authority given to the Directors at the General Meeting on 28 October 2009. The authority sought at the forthcoming Annual General Meeting will expire on 23 December 2011.

Dis-application of pre-emption rights

Special resolution number 9 will request authority for the Directors to allot equity securities for cash without first being required to offer such securities to existing members. This will include the sale on a non pre-emptive basis of any shares the Company holds in treasury for cash. The authority relates to a maximum of 5 per cent. of the issued Ordinary and D share capital of the Company (less treasury shares) as at the date of this Report.

This resolution replaces the authority given to the Directors at the General Meeting on 28 October 2009. The authority sought at the forthcoming Annual General Meeting will expire on 23 December 2011 or at the next Annual General Meeting, whichever is earlier. Members should note that this resolution also applies to treasury shares.

Purchase of own shares

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

Shares bought back under this authority may be cancelled and up to 10 per cent. can be held in treasury.

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

This resolution would renew the October 2009 authority, which was in similar terms. During the financial year under review, the Company purchased 424,011 Ordinary shares of 50 pence each for treasury at an aggregate consideration of £268,000 (including stamp duty) representing 1.4 per cent. of the issued Ordinary share capital as at 31 December 2009. As at 31 December 2009, the Company had not purchased any D shares for treasury.

This resolution replaces the authority given to the Directors at the General Meeting on 28 October 2009. The authority sought at the forthcoming Annual General Meeting will expire on 23 December 2011 or at the next Annual General Meeting, whichever is earlier.

Treasury shares

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

25 March 2010

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") as updated in June 2006 and June 2008.

The Board of Albion Development 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 Development VCT PLC.

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

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

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

Board of Directors
The Board consists solely of non-executive Directors. Since all Directors are non-executive and day-to-day management responsibilities are sub-contracted to the Manager, the Company does not have a Chief Executive Officer. Given the small size of the Board and as the Board comprises wholly non-executive Directors, it has not been considered necessary to appoint a Senior Independent Director.

Geoffrey Vero is the Chairman, and acts as non-executive Director to Crown Place VCT, a venture capital trust managed by Albion Ventures LLP. Jonathan Thornton is not considered an independent Director as he acts as non-executive Director to Albion Venture Capital Trust PLC, a venture capital trust managed by Albion Ventures LLP, and is a member of the Albion Ventures LLP Investment Committee. David Pinckney and Andrew Phillipps are considered independent Directors.

David Pinckney and Jonathan Thornton have been Directors of the Company for more than nine years and, in accordance with the recommendations of the AIC code, are subject to annual re-election. The Board does not consider that a Director's length of service reduces his ability to act independently of the Manager. Geoffrey Vero will also resign and offer himself for re-election as he is a director of another venture capital trust managed by Albion Ventures LLP.

The Directors have a range of business and financial skills which are relevant to the Company; these are described in the Board of Directors section of this Report, on page 9. Directors are provided with key information on the Company's activities, including regulatory and statutory requirements, and internal controls, by the Manager. The Board has 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 David Pinckney and Jonathan Thornton met once during the year to allot Ordinary shares issued under the Dividend Reinvestment Scheme. In addition, all Directors attended a Board meeting to approve matters relating to the D shares Offer for Subscription. A further sub-committee of the Board comprising Geoffrey Vero and Jonathan Thornton met once in December 2009 to allot D shares issued under the Offer for Subscription.

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

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

Statement of corporate governance (continued)

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

Committees' and Directors' performance evaluation

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

- attendance at Board and Committee meetings;
- the contribution made by individual Directors at, and outside of, Board and Committee meetings; and
- completion of a detailed internal assessment process and annual performance evaluation conducted by the Chairman.

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

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

As a result of the performance evaluation process, Geoffrey Vero, David Pinckney and Jonathan Thornton are considered to be effective Directors and demonstrate strong commitment to the role. The Board believes it to be in the best interests of the Company to propose that these Directors be re-elected at the forthcoming Annual General Meeting.

Remuneration Committee

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

Audit Committee

The Audit Committee consists of all Directors. David Pinckney is Chairman of the Audit Committee. In accordance with the Code, the members of the Audit Committee have recent and relevant financial experience. The Committee met twice during the year ended 31 December 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, approving their appointment, re-appointment, remuneration, terms of engagement and providing an ongoing review of Auditor independence and objectivity;
- 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 external Auditors at least once a year without the presence of the Manager;
- meeting with the internal auditors of the Manager when appropriate;
- ensuring that all Directors of the Company and staff of the Manager feel able to raise issues of serious concern with the Chairman of the Audit Committee, and that these issues, when 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 reviewing the performance of the Manager and all matters arising under the Management Agreement.

Statement of corporate governance (continued)

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

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

Nomination Committee

The Nomination Committee consists of all Directors, with Geoffrey Vero as Chairman. The terms of reference of the Nomination Committee are to evaluate the balance of skills, experience and time commitment of the current Board members and make recommendations to the Board as and when a particular appointment arises. The Nomination Committee did not meet during 2009 and will meet when it is appropriate for it to do so.

It is the policy of the Company that all of the Directors are nominated for re-election every three years and that Directors who have served the Company for more than nine years are subject to annual re-election. Having served for nine years, David Pinckney and Jonathan Thornton will retire and be proposed for re-election at the forthcoming Annual General Meeting on 25 June 2010. In addition, Geoffrey Vero will retire and be proposed for re-election at the Annual General Meeting. The terms and conditions of Directors' appointment are available for inspection at the Annual General Meeting.

Internal control

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

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

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

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

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

During the year, as the Board has delegated the investment management and administration to Albion Ventures LLP, the Board feels that it is not necessary to have its own internal audit function. Instead, the Board had access to Littlejohn LLP, which, as internal auditor for Albion Ventures LLP, undertakes periodic examination of the business processes and controls environment at Albion Ventures LLP, and ensures that any recommendations to implement improvements in controls are carried out. Littlejohn reports formally to the Board of Albion Development VCT PLC on an annual basis. The Board will continue to monitor its system

Statement of corporate governance (continued)

of internal control in order to provide assurance that it operates as intended.

Going concern

In accordance with "Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009" issued by 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 21. The Company's business activities, together with details of its performance are shown in the Directors' report and enhanced business review.

Conflicts of interest

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

Capital structure and Articles of Association

Details regarding the Company's capital structure, substantial interests and Directors' powers to buy and issue shares are detailed in full on pages 15, 16 and 22 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. At the General Meeting on 24 March 2009, the shareholders passed a resolution to change the Company's name to Albion Development VCT PLC. At the General Meeting on 28 October 2009, shareholders consented to the changes in the Company's Articles to allow the Offer for subscription for D shares. Details of the relevant circulars can be found on www.albion-ventures.co.uk under the Our Funds section.

Relations with shareholders

The Company's Annual General Meeting on 25 June 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: 020 7601 1850 (calls may be recorded)
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 Senior Independent Director and a Remuneration Committee, the Directors consider that the Company has complied throughout the year ended 31 December 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.

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

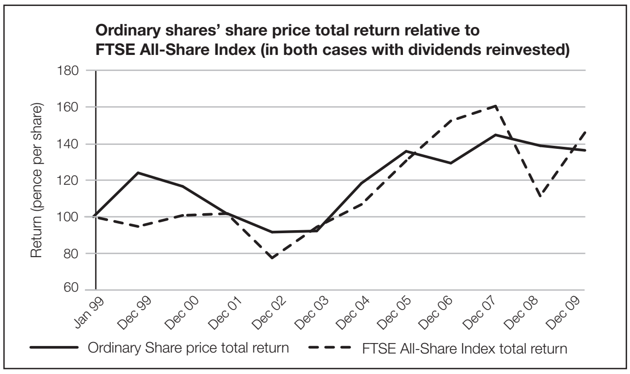
The Company's policy is that fees payable to non-executive Directors should reflect their expertise, responsibilities and time spent on Company matters. In determining the level of non-executive remuneration, market equivalents are considered in comparison to the overall activities and size of the Company.

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

Performance graph

The graph below shows Albion Development VCT PLC's Ordinary share price total return against the FTSE All-Share Index total return, in both instances with dividends reinvested, since the launch. The Directors consider the FTSE All-Share Index to be the most appropriate benchmark for the Company. Investors should, however, be reminded that shares in VCTs generally trade at a discount to the actual net asset value of the Company. A graph for the D shares has not been prepared as these were allotted on 23 December 2009.

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



Source: Albion Ventures LLP

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

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, Geoffrey Vero, David Pinckney and Jonathan Thornton will retire and be proposed for re-election.

AUDITED INFORMATION

Directors' remuneration

The following items have been audited.

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

	2009 Fees £'000	2008 Fees £'000
Jonathan Thornton	20.5	20.5
Andrew Phillipps	20.5	20.5
David Pinckney	20.5	20.5
Geoffrey Vero	20.5	20.5
	82.0	82.0

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

No Director has a contract with the Company.

Each Director of the Company was remunerated personally through the Manager's payroll which has been recharged to the Company, save for Jonathan Thornton whose services were provided by Jonathan Thornton Limited during the year.

In addition to Directors' remuneration, the Company pays an annual premium in respect of Directors' & Officers' Liability Insurance of £7,000 (2008: £6,000).

By Order of the Board

Albion Ventures LLP

Company Secretary

1 King's Arms Yard

London, EC2R 7AF

25 March 2010

Independent Auditors' report to the Members of Albion Development VCT PLC

We have audited the Financial Statements of Albion Development VCT Plc for the year ended 31 December 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 Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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 31 December 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 Corporate governance statement in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook issued by the Financial Services Authority (information about internal control and risk management systems in relation to financial reporting processes and about share capital structures) is consistent with the Financial Statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

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

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 26, in relation to going concern; and
- the part of the Corporate governance statement 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 25 March 2010
London, UK

Income statement

		Combined Year ended 31 December 2009			Combined Year ended 31 December 2008		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Losses on investments	3	**–**	**(986)**	**(986)**	–	(2,326)	(2,326)
Investment income	4	**1,078**	**–**	**1,078**	1,978	–	1,978
Investment management fees	5	**(135)**	**(407)**	**(542)**	(184)	(547)	(731)
Recovery of VAT	6	**26**	**82**	**108**	104	310	414
Other expenses	7	**(178)**	**–**	**(178)**	(224)	–	(224)
Return/(loss) on ordinary activities before tax		**791**	**(1,311)**	**(520)**	1,674	(2,563)	(889)
Tax (charge)/credit on ordinary activities	9	**(88)**	**94**	**6**	(487)	70	(417)
Return/(loss) attributable to shareholders		**703**	**(1,217)**	**(514)**	1,187	(2,493)	(1,306)

The accompanying notes on pages 39 to 54 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.

Income statement (non-statutory analysis)

	Note	Ordinary shares Year ended 31 December 2009			Ordinary shares Year ended 31 December 2008		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Losses on investments	3	**–**	**(986)**	**(986)**	–	(2,326)	(2,326)
Investment income	4	**1,077**	**–**	**1,077**	1,978	–	1,978
Investment management fees	5	**(135)**	**(406)**	**(541)**	(184)	(547)	(731)
Recovery of VAT	6	**26**	**82**	**108**	104	310	414
Other expenses	7	**(178)**	**–**	**(178)**	(224)	–	(224)
Return/(loss) on ordinary activities before tax		**790**	**(1,310)**	**(520)**	1,674	(2,563)	(889)
Tax (charge)/credit on ordinary activities	9	**(88)**	**94**	**6**	(487)	70	(417)
Return/(loss) attributable to shareholders		**702**	**(1,216)**	**(514)**	1,187	(2,493)	(1,306)
Basic and diluted return/(loss) per share (pence)*	11	**2.4**	**(4.1)**	**(1.7)**	3.9	(8.2)	(4.3)

* *excluding treasury shares*

	Note	D shares Year ended 31 December 2009		
		Revenue £'000	Capital £'000	Total £'000
Investment income	4	**1**	**–**	**1**
Investment management fees	5	**–**	**(1)**	**(1)**
Return/(loss) on ordinary activities before tax		**1**	**(1)**	**–**
Tax (charge)/credit on ordinary activities	9	**–**	**–**	**–**
Return attributable to shareholders		**1**	**(1)**	**–**
Basic and diluted return per share (pence)*	11	**–**	**–**	**–**

* *excluding treasury shares*

The accompanying notes on pages 39 to 54 form an integral part of these Financial Statements.

Balance sheet

	Note	Combined 31 December 2009 £'000	Combined 31 December 2008 £'000
Fixed asset investments			
Qualifying		**18,004**	17,434
Non-qualifying		**871**	856
Total fixed asset investments	12	**18,875**	18,290
Current assets			
Trade and other debtors	14	**406**	708
Current asset investments	14	**–**	3,014
Cash at bank and in hand	19	**5,908**	3,790
		6,314	7,512
Creditors: amounts falling due within one year	15	**(306)**	(369)
Net current assets		**6,008**	7,143
Net assets		**24,883**	25,433
Capital and reserves			
Called up share capital	16	**17,074**	16,307
Share premium	17	**640**	3,266
Capital redemption reserve		**1,183**	1,183
Unrealised capital reserve		**(6,365)**	(5,622)
Special reserve		**12,507**	9,223
Own treasury shares reserve		**(2,540)**	(2,272)
Realised capital reserve		**1,389**	2,459
Revenue reserve		**995**	889
Total equity shareholders' funds		**24,883**	25,433

The accompanying notes on pages 39 to 54 form an integral part of these Financial Statements.

These Financial Statements were approved by the Board of Directors, and authorised for issue on 25 March 2010 and were signed on its behalf by

Geoffrey Vero
Chairman

Company number: 3654040

Balance sheet (non-statutory analysis)

	Note	Ordinary shares 31 December 2009 £'000	Ordinary shares 31 December 2008 £'000
Fixed asset investments			
Qualifying		**18,004**	17,434
Non-qualifying		**871**	856
Total fixed asset investments	12	**18,875**	18,290
Current assets			
Trade and other debtors	14	**170**	708
Current asset investments	14	**–**	3,014
Cash at bank and in hand	19	**4,709**	3,790
		4,879	7,512
Creditors: amounts falling due within one year	15	**(228)**	(369)
Net current assets		**4,651**	7,143
Net assets		**23,526**	25,433
Capital and reserves			
Called up share capital	16	**16,357**	16,307
Share premium	17	**–**	3,266
Capital redemption reserve		**1,183**	1,183
Unrealised capital reserve		**(6,365)**	(5,622)
Special reserve		**12,507**	9,223
Own treasury shares reserve		**(2,540)**	(2,272)
Realised capital reserve		**1,390**	2,459
Revenue reserve		**994**	889
Total equity shareholders' funds		**23,526**	25,433
Basic and diluted net asset value per share (pence)*	18	**79.3**	84.8

* *excluding treasury shares*

The accompanying notes on pages 39 to 54 form an integral part of these Financial Statements.

Balance sheet (non-statutory analysis)

	Note	D shares 31 December 2009 £'000
Fixed asset investments		
Qualifying		**–**
Non-qualifying		**–**
Total fixed asset investments		**–**
Current assets		
Trade and other debtors	14	**236**
Cash at bank and in hand	19	**1,199**
		1,435
Creditors: amounts falling due within one year	15	**(78)**
Net current assets		**1,357**
Net assets		**1,357**
Capital and reserves		
Called up share capital	16	**717**
Share premium		**640**
Capital redemption reserve		**–**
Unrealised capital reserve		**–**
Special reserve		**–**
Own treasury shares reserve		**–**
Realised capital reserve		**(1)**
Revenue reserve		**1**
Total equity shareholders' funds		**1,357**
Basic and diluted net asset value per share (pence)*	18	**94.6**

* *excluding treasury shares*

The accompanying notes on pages 39 to 54 form an integral part of these Financial Statements.

Reconciliation of movements in shareholders' funds
Combined

	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 January 2009	16,307	3,266	1,183	(5,622)	9,223	(2,272)	2,459	889	25,433
Net realised losses on investments	–	–	–	–	–	–	(3)	–	(3)
Unrealised losses on investments	–	–	–	(983)	–	–	–	–	(983)
Transfer of unrealised losses to realised losses	–	–	–	240	–	–	(240)	–	–
Capitalised investment management fee	–	–	–	–	–	–	(407)	–	(407)
Capitalised recoverable VAT	–	–	–	–	–	–	82	–	82
Tax relief on costs charged to capital	–	–	–	–	–	–	94	–	94
Purchase of own treasury shares	–	–	–	–	–	(268)	–	–	(268)
Issue of equity (net of costs)	767	658	–	–	–	–	–	–	1,425
Cancellation of Share premium account	–	(3,284)	–	–	3,284	–	–	–	–
Revenue return attributable to shareholders	–	–	–	–	–	–	–	703	703
Dividends paid	–	–	–	–	–	–	(596)	(596)	(1,192)
As at 31 December 2009	17,074	640	1,183	(6,365)	12,507	(2,540)	1,389	995	24,883
As at 1 January 2008	16,219	3,208	1,183	129	9,223	(1,610)	1,474	1,061	30,887
Net realised gains on investments	–	–	–	–	–	–	1,124	–	1,124
Unrealised losses on investments	–	–	–	(3,450)	–	–	–	–	(3,450)
Transfer of unrealised losses to realised losses	–	–	–	(2,301)	–	–	2,301	–	–
Capitalised investment management fees	–	–	–	–	–	–	(547)	–	(547)
Capitalised recoverable VAT	–	–	–	–	–	–	310	–	310
Tax relief on costs charged to capital	–	–	–	–	–	–	70	–	70
Purchase of own treasury shares	–	–	–	–	–	(662)	–	–	(662)
Issue of equity (net of costs)	88	58	–	–	–	–	–	–	146
Revenue return attributable to shareholders	–	–	–	–	–	–	–	1,187	1,187
Dividends paid	–	–	–	–	–	–	(2,273)	(1,359)	(3,632)
As at 31 December 2008	16,307	3,266	1,183	(5,622)	9,223	(2,272)	2,459	889	25,433

Included within these reserves is an amount of £5,986,000 (2008: £4,677,000) which is considered distributable. The Special reserve has been treated as distributable in determining the amounts available for distribution.

Reconciliation of movements in shareholders' funds

Ordinary shares (non-statutory analysis)

	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 January 2009	16,307	3,266	1,183	(5,622)	9,223	(2,272)	2,459	889	25,433
Net realised losses on investments	–	–	–	–	–	–	(3)	–	(3)
Unrealised losses on investments	–	–	–	(983)	–	–	–	–	(983)
Transfer of unrealised losses to realised losses	–	–	–	240	–	–	(240)	–	–
Capitalised investment management fee	–	–	–	–	–	–	(406)	–	(406)
Capitalised recoverable VAT	–	–	–	–	–	–	82	–	82
Tax relief on costs charged to capital	–	–	–	–	–	–	94	–	94
Purchase of own treasury shares	–	–	–	–	–	(268)	–	–	(268)
Issue of equity (net of costs)	50	18	–	–	–	–	–	–	68
Cancellation of Share premium account	–	(3,284)	–	–	3,284	–	–	–	–
Revenue return attributable to shareholders	–	–	–	–	–	–	–	702	702
Dividends paid	–	–	–	–	–	–	(596)	(596)	(1,192)
As at 31 December 2009	16,357	–	1,183	(6,365)	12,507	(2,540)	1,390	994	23,526
As at 1 January 2008	16,219	3,208	1,183	129	9,223	(1,610)	1,474	1,061	30,887
Net realised gains on investments	–	–	–	–	–	–	1,124	–	1,124
Unrealised losses on investments	–	–	–	(3,450)	–	–	–	–	(3,450)
Transfer of unrealised losses to realised losses	–	–	–	(2,301)	–	–	2,301	–	–
Capitalised investment management fees	–	–	–	–	–	–	(547)	–	(547)
Capitalised recoverable VAT	–	–	–	–	–	–	310	–	310
Tax relief on costs charged to capital	–	–	–	–	–	–	70	–	70
Purchase of own treasury shares	–	–	–	–	–	(662)	–	–	(662)
Issue of equity (net of costs)	88	58	–	–	–	–	–	–	146
Revenue return attributable to shareholders	–	–	–	–	–	–	–	1,187	1,187
Dividends paid	–	–	–	–	–	–	(2,273)	(1,359)	(3,632)
As at 31 December 2008	16,307	3,266	1,183	(5,622)	9,223	(2,272)	2,459	889	25,433

Included within these reserves is an amount of £5,986,000 (2008: £4,677,000) which is considered distributable. The Special reserve has been treated as distributable in determining the amounts available for distribution.

Reconciliation of movements in shareholders' funds

D shares (non-statutory analysis)

	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 January 2009	–	–	–	–	–	–	–	–	–
Capitalised investment management fee	–	–	–	–	–	–	(1)	–	(1)
Issue of equity (net of costs)	717	640	–	–	–	–	–	–	1,357
Revenue return attributable to shareholders	–	–	–	–	–	–	–	1	1
As at 31 December 2009	717	640	–	–	–	–	(1)	1	1,357

* There are currently no distributable reserves.

Cash flow statement

	Notes	Combined Year ended 31 December 2009 £'000	Combined Year ended 31 December 2008 £'000
Operating activities			
Investment income received		**949**	1,487
Deposit interest received		**66**	296
Dividend income received		**47**	62
Other income received		**22**	203
Investment management fees paid		**(375)**	(1,015)
VAT recovery		**522**	–
Other cash payments		**(180)**	(252)
Net cash inflow from operating activities	20	**1,051**	781
Taxation			
UK corporation tax paid		**(384)**	(271)
Capital expenditure and financial investments			
Purchase of fixed asset investments		**(1,819)**	(3,294)
Disposal of fixed asset investments		**422**	6,769
Net cash (outflow)/inflow from investing activities		**(1,397)**	3,475
Management of liquid resources			
Purchase of current asset investments		**–**	(50)
Disposal of current asset investments		**3,050**	–
Net cash inflow from liquid resources		**3,050**	(50)
Equity dividends paid			
Dividends paid (net of cost of shares issued under the dividend reinvestment scheme)		**(1,133)**	(3,474)
Net cash inflow before financing		**1,187**	461
Financing			
Purchase of own shares	16	**(268)**	(662)
Issue of share capital (net of costs)		**1,199**	–
Net cash inflow/(outflow) from financing		**931**	(662)
Cash inflow/(outflow) in the year	19	**2,118**	(201)

Cash flow statement (non-statutory analysis)

	Notes	Ordinary shares Year ended 31 December 2009 £'000	Ordinary shares Year ended 31 December 2008 £'000
Operating activities			
Investment income received		**949**	1,487
Deposit interest received		**66**	296
Dividend income received		**47**	62
Other income received		**22**	203
Investment management fees paid		**(375)**	(1,015)
VAT recovery		**522**	–
Other cash payments		**(180)**	(252)
Net cash inflow from operating activities	20	**1,051**	781
Taxation			
UK corporation tax paid		**(384)**	(271)
Capital expenditure and financial investments			
Purchase of fixed asset investments		**(1,819)**	(3,294)
Disposal of fixed asset investments		**422**	6,769
Net cash (outflow)/inflow from investing activities		**(1,397)**	3,475
Management of liquid resources			
Purchase of current asset investments		**–**	(50)
Disposal of current asset investments		**3,050**	–
Net cash inflow/(outflow) from liquid resources		**3,050**	(50)
Equity dividends paid			
Dividends paid (net of cost of shares issued under dividend reinvestment scheme)		**(1,133)**	(3,474)
Net cash inflow before financing		**1,187**	461
Financing			
Purchase of own shares	16	**(268)**	(662)
Net cash (outflow) from financing		**(268)**	(504)
Cash inflow/(outflow) in the year	19	**919**	(201)

	Notes	D shares Year ended 31 December 2009 £'000
Financing		
Issue of share capital (net of costs)	16	**1,199**
Net cash inflow from financing		**1,199**
Cash inflow in the year	19	**1,199**

Notes to the Financial Statements

1. Accounting convention

The financial statements have been prepared in accordance with the historical cost convention, modified to include the revaluation of investments, in accordance with applicable United Kingdom law and accounting standards and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ("SORP") issued by the Association of Investment Companies ("AIC") in January 2009. Accounting policies have been applied consistently in current and prior periods.

2. Accounting policies

Investments

Quoted and 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. 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 September 2009 revisions to the 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. Realised gains or losses on the sale of investments will be reflected in the Realised capital reserve and unrealised gains or losses arising from the revaluation of investments will be reflected in the Unrealised capital reserve.

Unquoted loan stock

Unquoted loan stock is classified loans and receivables in accordance with FRS 26 and carried at amortised cost using the Effective Interest Rate method 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.

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.

Floating rate notes

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

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

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

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

It is not the Company's policy to exercise control or significant influence over 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

Quoted and unquoted equity income

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

Unquoted loan stock and other preferred income

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

Bank interest income

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

Floating rate note income

Floating rate note income is recognised on an accrual 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

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

- expenses which are incidental to the purchase or disposal of an investment are charged through the realised capital reserve.

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 of the Company 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 account

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

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

Special reserve

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

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

Ordinary shares	**Year ended 31 December 2009 £'000**	Year ended 31 December 2008 £'000
Unrealised gains/(losses) on fixed asset investments held at fair value through profit or loss account	**574**	(2,922)
Unrealised impairments on fixed asset investments held at amortised cost	**(1,557)**	(490)
Unrealised losses on fixed asset investments	**(983)**	(3,412)
Unrealised losses on current asset investments held at fair value through profit or loss account	**–**	(38)
Unrealised losses sub-total	**(983)**	(3,450)
Realised (losses)/gains on investments held at fair value through profit or loss account	**(2)**	1,010
Realised (losses)/gains on investments held at amortised cost	**(37)**	114
Realised gains on current asset investments held at fair value through profit or loss account	**36**	–
Realised (losses)/gains sub-total	**(3)**	1,124
Total	**(986)**	(2,326)

The prior year analysis has been represented to reflect a separate transfer between reserves for accumulated unrealised gains or losses that had taken place in previous periods relating to investments sold during the current period.

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

4. Investment income

	Year ended 31 December 2009			Year ended
	Ordinary Shares £'000	**D shares £'000**	**Total £'000**	31 December 2008 £'000
Income recognised on investments held at fair value through profit or loss				
Dividend income	**70**	**–**	**70**	62
Management fees received from equity investments	**–**	**–**	**–**	10
Floating rate note interest	**20**	**–**	**20**	186
Bank deposit interest	**67**	**1**	**68**	291
Other income	**–**	**–**	**–**	4
	157	**1**	**158**	553
Income recognised on investments held at amortised cost				
Return on loan stock investments	**920**	**–**	**920**	1,425
	1,077	**1**	**1,078**	1,978

Interest income earned on impaired investments at 31 December 2009 amounted to £368,000 (2008: £83,000). These investments are all held at amortised cost.

Notes to the Financial Statements (continued)

5. Investment management fees

	Year ended 31 December 2009			Year ended
	Ordinary			31 December
	Shares	**D shares**	**Total**	2008
	£'000	**£'000**	**£'000**	£'000
Investment management fee charged to revenue	**135**	**–**	**135**	184
Investment management fee charged to capital	**406**	**1**	**407**	547
	541	**1**	**542**	731

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 20.

A sum of £2,000 (2008: £21,000) in respect of historic management fees, calculated as a consequence of the VAT reclaim has been accrued and offset against the VAT recoverable in the Income statement as detailed in note 6.

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.

The Manager, Albion Ventures LLP has made a claim for the historic VAT that Albion Development VCT PLC has paid on management fees. The Company has received a historic VAT repayment of £108,000 (2008: £414,000) (before the deduction of tax) which has been recognised as a separate item in the Income statement, allocated between revenue and capital return in the same proportion as that which the original VAT has been charged. An additional tax charge of £30,000 (2008: £113,000) is payable on this recovery of historic VAT and this is reflected in the tax charge shown in the Income statement.

7. Other expenses

	Year ended	Year ended
	31 December	31 December
	2009	2008
Ordinary shares	**£'000**	£'000
Directors' fees (including VAT and NIC)	**87**	90
Other administrative expenses	**67**	107
Auditor's remuneration for statutory audit services	**24**	27
	178	224

The Auditor's remuneration charge in the prior year includes £4,000 (including VAT) payable to Deloitte LLP, the previous Auditors. All audit fees charged in the current year relate to PKF (UK) LLP.

8. Directors' fees

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

	Year ended	Year ended
	31 December	31 December
	2009	2008
Ordinary shares	**£'000**	£'000
Directors' fees	**82**	82
National insurance and/or VAT	**5**	8
	87	90

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

Notes to the Financial Statements (continued)

9. Tax charge/(credit) on ordinary activities

Ordinary shares	**Year ended 31 December 2009 Revenue £'000**	**Capital £'000**	**Total £'000**	Year ended 31 December 2008 Revenue £'000	Capital £'000	Total £'000
UK corporation tax in respect of current year	**193**	**(94)**	**99**	460	(70)	390
UK corporation tax in respect of prior year	**(105)**	**–**	**(105)**	27	–	27
Total	**88**	**(94)**	**(6)**	487	(70)	417

Factors affecting the tax charge:

	Year ended 31 December 2009 £'000	Year ended 31 December 2008 £'000
Loss on ordinary activities before taxation	**(520)**	(889)
Tax on loss at the standard rate	**(146)**	(253)
Factors affecting the charge:		
Non-taxable losses	**276**	663
Marginal relief	**(12)**	(2)
Dividends received	**(19)**	(18)
Consortium relief in respect of prior years	**(105)**	27
	(6)	417

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: 28.5 per cent.). The differences are explained above.

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

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.

Notes to the Financial Statements (continued)

10. Dividends

Ordinary shares	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
	Year ended 31 December 2009			Year ended 31 December 2008		
Dividend of 4.0p (2.0p capital and 2.0p revenue) per share paid on 25 September 2009	**596**	**596**	**1,192**	–	–	–
Dividend of 4.0p (1.5p capital and 2.5p revenue) per share paid on 30 December 2008	**–**	**–**	**–**	748	450	1,198
Dividend of 5.5p (4.75p capital sand 0.75p revenue) per share paid on 3 October 2008	**–**	**–**	**–**	228	1,440	1,668
Dividend of 2.5p (1.25p capital and 1.25p revenue) per share paid on 16 May 2008	**–**	**–**	**–**	383	383	766
	596	**596**	**1,192**	1,359	2,273	3,632

Shareholders are reminded that the first Ordinary share dividend of 4.0 pence per share for the year to 31 December 2009 was paid in advance on 30 December 2008.

In addition to the dividends summarised above, the Board has declared an Ordinary share first dividend for the year ending 31 December 2010 of 4.0 pence per share. This dividend will be paid on 4 May 2010 to shareholders on the register as at 6 April 2010. This dividend totals approximately £1,186,777.

The Board expects the first D shares' dividend to be paid in September 2010.

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

Ordinary shares	Revenue	Capital	Total	Revenue	Capital	Total
	Year ended 31 December 2009			Year ended 31 December 2009		
The return per share has been based on the following figures:						
Return/(loss) attributable to equity shares (£'000)	**702**	**(1,216)**	**(514)**	1,187	(2,493)	(1,306)
Weighted average shares in issue (excluding treasury shares)	**29,842,149**	**29,842,149**	**29,842,149**	30,366,813	30,366,813	30,366,813
Return/(loss) attributable per equity share (pence)	**2.4**	**(4.1)**	**(1.7)**	3.9	(8.2)	(4.3)

The weighted average number of shares is calculated excluding the treasury shares of 3,043,726 (2008: 2,619,715).

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

There is no return or loss per share for the D shares. These were allotted on 23 December 2009.

Notes to the Financial Statements (continued)

12. Fixed asset investments

Ordinary shares	**31 December 2009 £'000**	31 December 2008 £'000
Qualifying quoted investments	**1,270**	1,193
Qualifying unquoted investments	**16,734**	16,241
Non-qualifying investments	**871**	856
Total	**18,875**	18,290

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

	31 December 2009 £'000	31 December 2008 £'000
Unquoted equity	**4,733**	3,250
Quoted equity	**1,270**	1,193
Unquoted equity derived instruments	**–**	72
Unquoted loan stock	**12,852**	13,498
Warrants and convertibles	**20**	277
	18,875	18,290

	Qualifying quoted invest-ments £'000	**Qualifying unquoted invest-ments £'000**	**Non-qualifying invest-ments £'000**	**Total £'000**
Opening valuation as at 1 January 2009	**1,193**	**16,241**	**856**	**18,290**
Purchases at cost	–	2,929	30	2,959
Disposal proceeds	–	(384)	(48)	(432)
Realised (losses)	–	(76)	–	(76)
Movement in loan stock accrued income	–	(734)	–	(734)
Unrealised gains/(losses)	77	(1,242)	33	(1,132)
Closing valuation as at 31 December 2009	**1,270**	**16.734**	**871**	**18,875**
Movement in loan stock accrued income				
Opening accumulated movement in loan stock accrued income	–	1,111	(1)	1,110
Movement in loan stock accrued income	–	(734)	–	(734)
Closing accumulated movement in loan stock accrued income as at 31 December 2009	**–**	**377**	**(1)**	**376**
Movement in unrealised losses				
Opening accumulated unrealised losses	(407)	(5,012)	(154)	(5,573)
Movement in unrealised losses	77	(1,242)	33	(1,132)
Transfer of previously unrealised (gains)/losses on disposal	–	205	–	205
Closing accumulated unrealised losses as at 31 December 2009	**(330)**	**(6,049)**	**(121)**	**(6,500)**
Historic cost basis				
Opening book cost	1,600	20,142	1,011	22,753
Purchases at cost	–	2,929	30	2,959
Sales at cost	–	(665)	(48)	(713)
Closing book cost as at 31 December 2009	**1,600**	**22,406**	**993**	**24,999**

Fixed asset investments held at fair value through the profit or loss account total £6,023,000 (2008: £4,792,000). Investments held at amortised cost total £12,852,000 (2008: £13,498,000). There has been no re-designation of fixed asset investments during the year.

Notes to the Financial Statements (continued)

12. Fixed asset investments (continued)

Movements in realised and unrealised losses differ from the amounts shown in note 3 as a result of the capitalisation of accrued loan stock interest, and deferred consideration.

The disposal of fixed assets of £422,000 included in the Cash flow statement differs from the disposal proceeds above of £432,000, due to the proceeds of the restructuring of Vibrant Energy Services Limited of £47,000 being reinvested in Green Energy Property Services Limited and deferred consideration of £37,000 received from the investment in Grosvenor Health Limited which was sold in the prior year.

Additions of £1,819,000 included in the Cash flow statement differ from the additions in the note above, of £2,959,000, due to the capitalisation of £883,000 in respect of capital redemption premium for Evolutions Limited, the investment of £210,000 in Forth Photonics which had been a settlement debtor as at 31 December 2008, and £47,000 reinvested in Green Energy Property Services Limited as a result of restructuring.

In September 2009, Albion Development 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.

Fixed asset investment class valuation methodologies

Quoted equity investments (both qualifying and non-qualifying) are valued at market bid price as at the balance sheet date.

Unquoted loan stock investments are valued on an amortised cost basis. Loan stock using a fixed interest rate total £12,566,000 (2008: £13,049,000) and loan stock using a floating rate total £286,000 (2008: £449,000).

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.

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

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

The Ordinary shares' investments are categorised in accordance with FRS 29 as follows;

	31 December 2009			
	Level 1 £'000	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Financial assets at fair value through profit or loss:				
Quoted equity	**1,270**	**–**	**–**	**1,270**
Unquoted equity	**–**	**–**	**4,753**	**4,753**
	1,270	**–**	**4,753**	**6,023**

The Ordinary shares' unquoted equity investments valued at fair value through profit or loss (level 3) had the following movements in the year to 31 December 2009:

	£'000
Opening balance as at 1 January 2009	**3,599**
Additions	**1,081**
Disposals	**(410)**
Unrealised gains on equity investments	**483**
Closing balance as at 31 December 2009	**4,753**

Notes to the Financial Statements (continued)

12. Fixed asset investments (continued)

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

Valuation methodology	**31 December 2009 £'000**	31 December 2008 £'000
Cost (reviewed for impairment)	**431**	839
Net asset value supported by third party valuation	**992**	839
Recent investment price	**1,384**	808
Earning multiple	**1,946**	1,113
	4,753	3,599

The Ordinary shares portfolio had the following movements between valuation methodologies between 31 December 2008 and 31 December 2009:

Change in valuation methodology (2008 to 2009)	Value as at 31 December 2009 £'000	Explanatory note
Cost (reviewed for impairment) to recent investment price	551	Most recent investment price
Cost (reviewed for impairment) to earnings multiple	59	Earnings are now being generated
Recent investment price to earnings multiple	69	Earnings are now being generated

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

FRS 29 requires the Directors to consider the impact of changing one or more of the inputs used as part of the valuation process to reasonable possible alternative assumptions. After due consideration and noting that the valuation methodology applied to 50 per cent. of the equity investments (by valuation) is based on third party independent evidence, the Directors do not believe that changes to reasonable possible alternative assumptions for the valuation of the portfolio would lead to a significant change in the fair value of the portfolio.

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 day-to-day management of an investee company.

The size and structure of the companies with unquoted securities may result in certain holdings in the portfolio representing a participating interest without there being any partnership, joint venture or management consortium agreement. The Company has interests of greater than 20 per cent. of the nominal value of any class of the allotted shares in the investee companies as at 31 December 2009, as described below:

Company	Country of incorporation	Principal activity	% class and share type	% total voting rights
Xceleron Limited	Great Britain	Bio-analytical services	26.0% A Ordinary	3.9%
Evolutions Television Limited	Great Britain	Television and post production	27.0% A Ordinary	23.7%
The Q Garden Company Limited	Great Britain	Garden centre operator	67.0% A Ordinary	16.5%
Consolidated PR Limited	Great Britain	Public relations agency	50.0% A Ordinary	12.3%
Smiles Pub Company Limited	Great Britain	Owner of residential property	22.6% A Ordinary	48.4%
Blackbay Limited	Great Britain	Mobile data solutions	24.2% A Ordinary	7.0%
Prime Care Holdings Limited	Great Britain	Domiciliary care services	32.1% A Ordinary	8.1%

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.

Notes to the Financial Statements (continued)

14. Current assets

Current assets include the following:

Trade and other debtors	Ordinary shares £'000 (31 December 2009)	D shares £'000 (31 December 2009)	Total £'000 (31 December 2009)	31 December 2008 Ordinary shares £'000
Prepayments and accrued income	**24**	**1**	**25**	4
VAT recovery	**–**	**–**	**–**	488
UK corporation taxable receivable	**136**	**–**	**136**	–
Other debtors	**10**	**235**	**245**	216
	170	**236**	**406**	708

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

Current asset investment	Ordinary shares £'000 (31 December 2009)	D shares £'000 (31 December 2009)	Total £'000 (31 December 2009)	31 December 2008 Ordinary shares £'000
Citigroup floating rate note 26 March 2009	**–**	**–**	**–**	3,014

The Citigroup floating rate note matured on 26 March 2009 realising proceeds of £3,050,000.

15. Creditors: amounts falling due within one year

	Ordinary shares £'000 (31 December 2009)	D shares £'000 (31 December 2009)	Total £'000 (31 December 2009)	31 December 2008 Ordinary shares £'000
UK corporation tax payable	**–**	**–**	**–**	255
Accruals and deferred income	**200**	**78**	**278**	103
Other creditors	**28**	**–**	**28**	11
	228	**78**	**306**	369

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

16. Called up share capital

Ordinary shares	31 December 2009 £'000	31 December 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		
32,713,157 Ordinary shares of 50p each (2008: 32,613,482)	**16,357**	16,307

Shares in issue

29,669,431 Ordinary shares of 50p each in issue (net of treasury shares) (2008: 29,993,767)

D shares	31 December 2009 £'000
Authorised	
40,000,000 D shares of 50p each	**20,000**
Allotted, called up and fully paid	
1,433,600 D shares of 50p each	**717**

Shares in issue

1,433,600 D shares of 50p each in issue (net of treasury shares).

Notes to the Financial Statements (continued)

16. Called up share capital (continued)

The Company purchased 424,011 Ordinary shares (2008: 781,392) to be held in treasury at a cost of £268,000 (2008: £662,000) representing 1.4 per cent. of the shares in issue (excluding treasury shares) as at 31 December 2009.

The Company holds a total of 3,043,726 Ordinary shares in treasury, representing 9.3 per cent. of the issued share capital as at 31 December 2009. As at 31 December 2009 there are no D shares held in treasury.

Under the terms of the Ordinary shares' Dividend Reinvestment Scheme Circular dated 27 August 2008, the following Ordinary shares of 50 pence nominal value were allotted at a price of 75.2 pence per share during the year.

Ordinary shares

Date of allotment	Number of shares allotted	Aggregate nominal value of shares £	Consideration received £	Opening market price per share on allotment date (pence per share)
25 September 2009	**99,675**	**49,838**	**74,956**	**55**

The first closing for the Offer for Subscription for D shares in the Company, at an issue price of 100 pence per D share, took place on 23 December 2009. Applications were received for 1,419,500 D Shares and, in addition, subscribers for the D shares whose applications were received on or before 23 December 2009 were entitled to receive 1 additional D share for every 100 D shares subscribed for; an additional 14,100 D shares were allotted under these arrangements. There were 1,433,600 D shares is issue as at 31 December 2009.

D shares

Date of allotment	Number of shares allotted	Aggregate nominal value of shares £	Net consideration received £
23 December 2009	**1,433,600**	**716,800**	**1,354,000**

Subsequent to the year end, the following D shares of 50 pence nominal value have been allotted at an issue price of 100 pence per D share.

Date of allotment	Number of shares allotted	Aggregate nominal value of shares £	Net consideration received £
28 January 2010	**561,425**	**280,713**	**530,000**
25 February 2010	**112,150**	**56,075**	**106,000**
15 March 2010	**408,425**	**204,213**	**386,000**
23 March 2010	**652,295**	**326,147**	**617,000**

The net proceeds of all allotments to date under the terms of the Offer are £2,993,000.

The Offer will remain open until 5 April 2010 in respect of the 2009/2010 tax year and 30 April 2010 in respect of the 2010/2011 tax year, unless closed earlier.

Notes to the Financial Statements (continued)

17. Cancellation of the Ordinary share premium account

Shareholders approved the cancellation of the Company's share premium accounts by way of special resolution at a General Meeting held on 28 October 2009. The Ordinary shares' share premium account amounting to £3.3 million was subsequently cancelled on 25 November 2009 by order of the High Court and the Notice regarding the cancellation was registered at Companies House on 11 December 2009. The purpose of this cancellation is to increase the special reserve available for distribution as dividends. The special reserve, amongst other purposes, can also be used for making market purchases of Ordinary shares.

The D shares' share premium account of £640,000 has arisen as a result of the allotments of D shares during the year as described in note 16.

18. Basic and diluted net asset values per share

	31 December 2009		31 December 2008
	Ordinary shares (pence per share)	**D shares (pence per share)**	Ordinary shares (pence share)
Basic and diluted net asset values per share	**79.3**	**94.6**	84.8

The basic and diluted 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 29,669,431 Ordinary shares (2008: 29,993,767) and 1,433,600 D shares as at 31 December 2009.

19. Analysis of changes in cash during the year

	Year ended 31 December 2009			Year ended 31 December 2008
	Ordinary shares £'000	**D shares £'000**	**Total £'000**	Ordinary shares £'000
Opening cash balances	**3,790**	**–**	**3,790**	3,991
Net cash inflow	**919**	**1,199**	**2,118**	(201)
Closing cash balances	**4,709**	**1,199**	**5,908**	3,790

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

	Year ended 31 December 2009			Year ended 31 December 2008
	Ordinary shares £'000	**D shares £'000**	**Total £'000**	Ordinary shares £'000
Revenue return on ordinary activities before taxation	**790**	**1**	**791**	1,674
Investment management fee charged to capital	**(406)**	**(1)**	**(407)**	(547)
Recoverable VAT capitalised	**82**	**–**	**82**	310
Movement in accrued amortised loan stock interest	**22**	**–**	**22**	64
Decrease/(increase) in debtors	**463**	**–**	**463**	(481)
Increase/(decrease) in creditors	**100**	**–**	**100**	(239)
Net cash inflow from operating activities	**1,051**	**–**	**1,051**	781

21. Capital and financial instruments risk management

The Company's capital comprises Ordinary shares and D 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 22 of the Directors' report and enhanced business review.

The Company's financial instruments comprise equity and loan stock investments in unquoted companies, equity in main market quoted 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 quoted and unquoted investments, details of which are shown on pages 11 and 12. Investment risk is the exposure of the Company to the revaluation and devaluation of investments. The main driver of investment risk is the operational and financial performance of the 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 reviews investment risk (which includes market price risk), both at the time of initial investment and at quarterly Board meetings.

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

The Ordinary shares' maximum investment risk as at the balance sheet date is the value of the fixed and current asset investment portfolio which is £18,875,000 (2008: £21,304,000). Fixed and current asset investments form 80 per cent. of the Ordinary shares' net asset value as at 31 December 2009 (2008: 84 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 11 and 12 and in the Manager's report.

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

As required under FRS 29 "Financial Instruments: Disclosures", the Board is required to illustrate by way of a sensitivity analysis the degree of exposure to market risk. The Board considers that the value of the fixed and current asset investment portfolio is sensitive to a ten per cent. change based on the current economic climate. The impact of a ten 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 ten 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 of Ordinary shares by £1,888,000.

Notes to the Financial Statements (continued)

21. Capital and financial instruments risk management (continued)

Cash flow interest rate risk

It is the Company's policy to accept a degree of interest rate risk on its financial assets through the effect of interest rate changes. On the basis of the Company's analysis, it is estimated that a rise or fall of 0.5 per cent. in LIBOR and base rates would have reduced total return before tax for the year by approximately £35,000.

The weighted average interest rate applied to the Company's fixed rate assets during the year was approximately 6.1 per cent. (2008: 8.0 per cent.). The weighted average period to maturity for the fixed rate assets is approximately 2.8 years (2008: 2.4 years).

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

Ordinary shares

	31 December 2009				31 December 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	**–**	**–**	**4,753**	**4,753**	–	–	3,599	3,599
Quoted equity	**–**	**–**	**1,270**	**1,270**	–	–	1,193	1,193
Unquoted loan stock	**12,566**	**286**	**–**	**12,852**	13,049	449	–	13,498
Debtors	**–**	**–**	**170**	**170**	–	–	708	708
Current liabilities	**–**	**–**	**(228)**	**(228)**	–	–	(369)	(369)
Floating rate notes	**–**	**–**	**–**	**–**	–	3,014	–	3,014
Cash	**4,420**	**289**	**–**	**4,709**	–	3,790	–	3,790
Total net assets	**16,986**	**575**	**5,965**	**23,526**	13,049	7,253	5,131	25,433

D shares

	31 December 2009			
	Fixed rate £'000	**Floating rate £'000**	**Non-interest bearing £'000**	**Total £'000**
Debtors	**–**	**–**	**236**	**236**
Current liabilities	**–**	**–**	**(78)**	**(78)**
Cash	**–**	**1,199**	**–**	**1,199**
Total net assets	**–**	**1,199**	**158**	**1,357**

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, investments 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.

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

The Company's total gross credit risk for Ordinary shares at 31 December 2009 was limited to £12,852,000 (2008: £13,498,000) of unquoted loan stock instruments, £170,000 of debtors (2008: £708,000) and £4,709,000 (2008: £3,790,000) of cash deposits with banks.

Notes to the Financial Statements (continued)

21. Capital and financial instruments risk management (continued)

Credit risk

The cost, impairment and carrying value of impaired loan stocks held at amortised cost at 31 December 2009 and 31 December 2008 are as follows:

Ordinary shares	**31 December 2009 Cost £'000**	**31 December 2009 Impairment £'000**	**31 December 2009 Carrying value £'000**	31 December 2008 Cost £'000	31 December 2008 Impairment £'000	31 December 2008 Carrying value £'000
Impaired loan stock	**8,143**	**(2,742)**	**5,522**	2,939	(885)	2,054

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.

The Company's total gross credit risk for D shares at 31 December 2009 was limited to £236,000 of debtors and £1,199,000 of cash on deposit with banks.

As at the balance sheet date, the cash held by the Company is held with the Royal Bank of Scotland plc, The Lloyds Banking Group plc, HSBC plc, Standard Life and BNP Paribas Securities Services Custody Bank Limited. Credit risk on cash transactions is mitigated by transacting with counterparties that are regulated entities subject to regulatory supervision, with Moody's credit ratings of at least 'A' or equivalent as assigned by international credit-rating agencies.

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

As at the year end the Company did not hold any floating rate notes.

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 the adjusted capital and reserves of the latest published audited balance sheet, which amounts to £2,488,300 (2008: £2,543,000) as at 31 December 2009.

The Company has no committed borrowing facilities as at 31 December 2009 (2008: £nil) and the Company had cash balances of £5,908,000 (2008: £3,790,000). The main cash outflows are for new investments, share buy-backs and dividend payments, which are within the control of the Company. The Manager formally reviews the cash requirements of the Company on a monthly basis, and the Board on a quarterly basis, as part of its review of management accounts and forecasts. All the Company's financial liabilities are short term in nature and total £306,000 (2008: £369,000).

Liquidity risk (continued)

The carrying value of Ordinary shares' loan stock investments held at amortised cost at 31 December 2009 as analysed by expected maturity dates is as follows:

Ordinary shares Redemption date	**Fully performing loan stock £'000**	**Renegotiated loan stock £'000**	**Impaired loan stock £'000**	**Total £'000**
Less than one year	**114**	**34**	**97**	**245**
1-2 years	**1,583**	**905**	**134**	**2,622**
2-3 years	**429**	**48**	**3,995**	**4,472**
3-5 years	**2,820**	**1,397**	**1,296**	**5,513**
Total	**4,946**	**2,384**	**5,522**	**12,852**

Notes to the Financial Statements (continued)

21. Capital and financial instruments risk management (continued)

The carrying value of Ordinary shares' loan stock investments held at amortised cost at 31 December 2008 as analysed by expected maturity dates is as follows:

Ordinary shares Redemption date	Fully performing loan stock £'000	Renegotiated loan stock £'00	Impaired loan stock £'000	Total £'000
Less than one year	3,238	–	401	3,639
1-2 years	737	1,278	450	2,465
2-3 years	1,258	552	562	2,372
3-5 years	3,268	1,113	641	5,022
Total	8,501	2,943	2,054	13,498

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

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

Fair values of financial assets and financial liabilities

All of the Company's financial assets and liabilities as at 31 December 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 from the fair value, and all are payable within one year.

22. Post balance sheet events

Since 31 December 2009 the Company has had the following post balance sheet events:

- Investment in Mi-Pay Limited of £55,000 in February 2010.
- Investment in GB Pub Limited of £4,000 in February 2010.
- Investment in Oxensis Limited of £47,000 in March 2010.
- Investment in Prime Care Holdings Limited of £130,000 in March 2010.

23. Related party transactions

The Manager, Albion Ventures LLP, is considered to be a related party by virtue of the fact that the Manager is party to a Management agreement from the Company (details disclosed on page 20 of this report). During the year, services of a total value of £542,000 (2008: £731,000) were purchased by the Company from Albion Ventures LLP. At the financial year end, the amount due to Albion Ventures LLP disclosed as accruals and deferred income was £143,000 (2008: £49,000).

Albion Ventures LLP acts as receiving agent and a promoter for the Offer for Subscription of D shares. Under the terms of the Offer Albion Ventures is entitled to receive 5.5 per cent. of funds raised under the Offer in exchange for underwriting the costs of the Offer. As at 31 December 2009 Albion Ventures LLP had charged and was owed £235,000 in respect of the fee due following the first allotment on 23 December 2009.

Albion Ventures LLP has reclaimed VAT from HMRC as described in note 6. A sum of £108,000 for Ordinary shares (2008: £414,000 for Ordinary shares) has been recognised in the Income statement for the year reflecting a gross receipt of £110,000 (2008: £488,000), less a creditor for £2,000 (2008: £74,000) in respect of related historic fees to be paid to Albion Ventures LLP.

Albion Ventures LLP holds 331 fractional entitlement shares of the Company as a result of the conversion of C shares to Ordinary shares in March 2007. These shares will be sold for the benefit of the Company at a future date.

Albion Ventures LLP also holds 14,000 Ordinary shares as a result of the failure of an original subscriber to pay cleared funds on initial subscription.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Albion Development VCT PLC (the "Company") will be held at the City of London Club, 19 Old Broad Street, London EC2N 1DS on 25 June 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 8 will be proposed as ordinary resolutions and numbers 9 and 10 as special resolutions.

Ordinary Business

1. To receive and adopt the Company's accounts for the year ended 31 December 2009 together with the report of the Directors and Auditors.

2. To approve the Directors' remuneration report for the year ended 31 December 2009.

3. To re-elect David Pinckney as a Director of the Company.

4. To re-elect Jonathan Thornton as a Director of the Company.

5. To re-elect Geoffrey Vero as a Director of the Company.

6. To re-appoint PKF (UK) LLP as Auditors of the Company to hold office from the conclusion of the meeting to the conclusion of the next meeting at which the accounts are to be laid.

7. To authorise the Directors to agree the Auditors' remuneration.

Special Business

8. That 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 £1,483,472 for Ordinary shares and an aggregate nominal amount of 10 per cent. of the D shares (following the closure of the Offer for Subscription on 30 April 2010), such authority shall expire on 25 December 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.

9. That subject to and conditional on the passing of resolution number 8, the Directors be empowered, pursuant to section 570 of the Act, to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by resolution number 8 as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

   (a) in connection with an offer of such securities by way of rights issue;

   (b) in connection with any Dividend Reinvestment Scheme introduced and operated by the Company; and

   (c) otherwise than pursuant to paragraphs (a) and (b) above, up to an aggregate nominal amount of £741,736 for Ordinary shares and 5 per cent. of the aggregate nominal value of the D shares following the closure of the Offer for Subscription on 30 April 2010,

   and such authority shall expire at the conclusion of the next Annual General Meeting or 23 December 2011, whichever is earlier, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power had not expired.

   In this resolution, "rights issue" means an offer of equity securities open for acceptance for a period fixed by the Directors to holders on the register on a fixed record date in proportion as nearly as may be to their respective holdings, but 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 8" were omitted.

Notice of Annual General Meeting (continued)

10. That, the Company be generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Act) of Ordinary or D shares of 50 pence each in the capital of the Company, 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 4,447,448 Ordinary shares, equal to 14.99 per cent. of the Ordinary shares in issue, and such D shares that shall represent 14.99 per cent. of the D shares in issue following closure of the Offer for Subscription on 30 April 2010;

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

    (c) the maximum price, exclusive of any expenses, which may be paid for each Ordinary or D share is an amount equal to the higher of (a) 105 per cent. of the average of the middle market quotations for an Ordinary or D share, as derived from the London Stock Exchange Daily Official List, for the five business days immediately preceding the day on which the Ordinary or D 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 23 December 2011, whichever is earlier; and

    (e) the Company may make a contract or contracts to purchase Ordinary or D 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 and D shares purchased by the Company out of distributable profits can be held as treasury shares, which may then be cancelled or sold for cash. The authority sought by this special resolution number 10 is intended to apply equally to shares to be held by the Company as treasury shares in accordance with the Regulations. 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

25 March 2010

Registered in England and Wales with number 3654040

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 23 June 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 noon on 23 June 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 noon on 23 June 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 Report and Financial Statements 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 AGM, as required by section 311A of the Act, is available from www.albion-ventures.co.uk, Our Funds, Albion Development VCT PLC.

8. Any member attending the AGM 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 AGM 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 AGM that the question be answered.

9. As at 25 March 2010 (being the latest practicable date prior to the publication of this Notice), the Company's issued share capital consists of 32,713,157 Ordinary shares and 3,167,895 D shares. The Company holds 3,043,726 Ordinary shares and no D shares in treasury. Therefore, the total voting rights in the Company as at 25 March 2010 are 32,837,326.

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Albion Development VCT PLC

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